SFG 2023 | LEVEL 1 | Test #15 – Solutions | ForumIAS

Q.1) With reference to chemical fertilizers in India, consider the following statements:
1. At present, the retail price of chemical fertilizers is market-driven and not administered by the Government.
2. Ammonia, which is an input of urea, is produced from natural gas.
3. Sulphur, which is a raw material for phosphoric acid fertilizer, is a by -product of oil refineries.
Which of the statements given above is/are correct?
a) 1 only
b) 2 and 3 only
c) 2 only
d) 1, 2 and 3

Ans) b
Exp) Option b is the correct answer.
Statement 1 is incorrect. The retail price of chemical fertilizers is not market -driven as the government subsidizes the fertilizers. Under Nutrient Based Subsidy Scheme (NBS), the fertilizers are provided to the farmers at the subsidized rates based on the nutrients (N, P, K & S) contained in these fertilizers. Also, Urea is outside the Nutrient Based Subsidy scheme and the government fixes the retail price.
Statement 2 is correct. Ammonia, which is an input of urea, is produced from natural gas. In this process, natural gas molecules are reduced to carbon and hydrogen. The hydrogen is then purified and reacted with nitrogen to produce ammonia.
Statement 3 is correct. Sulphur is a by -product of oil refineries. Also, Sulphur is used by the fertiliser industry to manufacture primarily phosphates or phosphoric acid, and also other fertilisers like ammonium sulphate.
Source) UPSC CSE Pre 2020

Q.2) With reference to the Index of Eight Core Industries, consider the following statements:
1. It is released by the Ministry of Finance with the assistance from Central Statistics Office.
2. The refinery products industry currently has the highest weightage in the index.
3. The core industries comprise more than half of the total weight of items in the Index of Industrial Production (IIP).
Which of the statements given above is/are correct?
a) 1 only
b) 1 and 3 only
c) 2 only
d) 2 and 3 only

Ans) c
Exp) Option c is the correct answer.
Index of Eight Core Industries (ICI) refers to index that measures performances of eight selected core industries which includes **Natural Gas, Coal, Refinery Products, Crude Oil, Cement, Electricity, Steel, and Fertilizers**. These core industries owe to their **strong impact** on the general economic activities and the other industrial activities.
Statement 1 is incorrect: Index of Eight Core Industries (ICI) is production volume index that measures the collective and individual production **performances of core industries**. This index is compiled and released by the **Office of the Economic Adviser (OEA)**, Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce and Industry.
Statement 2 is correct: The Index of Eight Core Industries **highest weight** is currently possessed by the **Refinery Products Industry (28.04%)** followed by Electricity Industry (19.85%), Steel Industry (17.92%). The

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eight core sector industries in decreasing order of their weightage: Refinery Products> Electricity> Steel> Coal> Crude Oil> Natural Gas> Cement> Fertilizers.

Statement 3 is incorrect: The Eight Core Industries comprise **40.27 percent (less than 50%)** of the weight of items included in the Index of Industrial Production (IIP). Index of Industrial Production is an indicator that **measures the changes in the volume of productio**n of industrial products during a given period. IIP is published monthly by the **Central Statistical Organization (CSO)**, Ministry of Statistics and Programme Implementation.

Source: Growth of eight core sectors down to 4.5% in July 2022 from 9.9% July 2021 - Investing.com India https://pib.gov.in/PressReleasePage.aspx?PRID=1786593

Q.3) Consider the following statements regarding the regulation of competition among businesses in India:

1. Presently, Monopolistic and Restrictive Trade Practices Act (MRTP) prevents the monopoly of any business in Indian markets.
2. The dominance of a firm in India is determined by its size alone.
3. The Competition Commission of India does not have Suo Moto powers to take action against any company.

Which of the statements given above is/are **incorrect**?

a) 1 only
b) 2 and 3 only
c) 3 only
d) 1, 2 and 3

Ans) d

Exp) Option d is the correct answer.

The **Competition Commission of India** (CCI) recently passed two separate orders against the tech giant Google. The two orders-imposed penalty of INR 1337 crore and INR 937 crore (total INR 2237 crore) on Google for abuse of dominant market position.

Statement 1 is incorrect: Monopolistic and Restrictive Trade Practices Act (MRTP) Act was repealed and replaced by The Competition Act. The Competition Act was passed in 2002, on the recommendations of **Raghavan Committee**. Competition Act of 2002 emerged as an improvement over Monopolistic and, Restrictive Trade Practices Act (MRTP) act to shift the focus from controlling monopoly to initiating competition in the economy. MRTP Act was a competition law, that was created in India, in 1970 to prevent concentration of economic power in few hands.

Statement 2 is incorrect: Dominance of a firm was determined by its size according to the MRTP act, which was repelled and replaced by Competition Act, 2002. The dominance of a firm in the market is **determined by its structure** in the case of Competition Act. Section 4 of the Competition Act, 2002 determines the dominant position by whether the enterprise is in such a **position of economic strength that it can operate independently of competitive forces; or can affect the relevant market in its favour. (A dominant firm is one which account for a significant share of a given market and has a significantly larger market share than its next largest rival).**

Statement 3 is incorrect: According to the Competition Act, Competition Commission of India can act on a **complaint filed by an informant** pertaining to an anti-trust activity or **can take action Suo motu.** Through this provision, it acts as a competition regulator, and an antitrust watchdog for smaller organizations that are unable to defend themselves against large corporations.

Source: https://blog.forumias.com/cci-competition-commission-of-india-provisions-working-and-challenges/

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Q.4) Sometimes seen in news, the "TReDS" is:
a) an electronic platform for third-party guarantee-free loans to the Micro and Small enterprises, especially in the absence of collateral.
b) an electronic platform for facilitating the financing of trade receivables of Micro, small and Medium Enterprises (MSMEs) through multiple financiers.
c) a platform to support traditional artisans to provide sustainable employment.
d) a post COVID Resilience and Recovery Programme to revitalize the MSME sector.

Ans) b
Exp) Option b is the correct answer
TReDS(Trade Receivables Discounting System) is an institutional mechanism set up in order **to facilitate the discounting of invoices for MSMEs from corporate buyers through multiple financiers. It involves three participants MSME Supplier, Corporate Buyer and Financier. It is a platform for uploading, accepting, discounting, trading and settling invoices / bills of MSMEs** and facilitating both receivables as well as payables factoring (reverse factoring). It is an electronic platform.
Option a is incorrect. Credit Guarantee Scheme for Micro & Small Enterprises (CGTMSE) – It is a platform for third-party guarantee-free loans to the Micro and Small enterprises (MSEs), especially in the absence of collateral. It provides Credit guarantee for loans up to Rs. 2 crores, without collateral and third-party guarantee.
Option c is incorrect. SFURTI (Scheme of Fund for Regeneration of Traditional Industries) -a platform to support traditional artisans to provide sustainable employment
Option d is incorrect. Emergency Credit Line Guarantee Scheme (ECLGS)- is a post COVID Resilience and Recovery Programme to revitalize the MSME sector.
Source: https://vikaspedia.in/e-governance/digital-payment/payment-systems-in-india/trade-receivables-discounting-system-treds

Q.5) Several jute mills in West Bengal have been experiencing closure and suspension of their operations in the recent past. Which among the following is the most appropriate reason behind this?
a) Ban on the export of Jute products from India
b) Increase in temperature and heat waves due to global warming
c) Labour strikes and lock-outs
d) High Procurement prices of raw jute

Ans) d
Exp) Option d is the correct answer.
Option d is correct: Several jute mills in West Bengal have announced temporary suspension of their operations this year. This is because **mills are procuring raw jute at prices higher than what they are selling them at after processing.** Mills do not acquire their raw material directly from the farmers. There are two reasons for the same:

1) First, because the **farmers are far-off from the mills locations** and the procurement process is cumbersome. Mills would have to go to multiple farmers to acquire the requisite quantity as no single farmer produces enough to fulfil the requirements of the entire mill. The procurement now flows through middlemen or traders. As a standard practice, the middlemen charge mills for their services, which involves procuring jute from farmers, grading, bailing and then bringing the bales to the mills.
2) The government has a **fixed Minimum Support Price (MSP) for raw jute procurement** from farmers which **is ₹4,750 per quintal** for the 2022-23 season. However, **jute reaches mill at ₹7,200 per quintal**

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that is, ₹700 more than the ₹6,500 per quintal cap for the final product. This is why the procuring price is higher than the selling price.

The situation was made particularly worrisome by the **occurrence of Cyclone Amphan** in May 2020 and the subsequent rains in major jute producing States. These events led to lower acreage, which in turn led to lower production and yield compared to previous years.

Source: https://www.thehindu.com/specials/text-and-context/the-recent-woes-of-the-jute-industry-in-west-bengal/article65373299.ece#:~:text=What%20made%20the%20situation%20particularly,yield%20compared%20to%20previous%20years.

Q.6) What do you understand by the term "grandfathering" clause in economics?

a) It is the process of consolidating all swap agreements between two entities into one single agreement.

b) It refers to the practice of providing credit to entities that do not have the capability to repay.

c) It is agreement in which two parties exchange the principal amount of a loan and the interest in one currency for the principal and interest in another currency.

d) It is a special provision by which any entity can be exempted from a new law, rule or regulation.

Ans) d

Exp) Option d is the correct answer.

Option a is incorrect. Bilateral netting is the process of **consolidating all swap agreements between two parties into one single,** or master, agreement.

Option b is incorrect. Zombie lending refers to the practice of providing credit to entities that do not have the capability to repay. One way of ever-greening loans is lending a new loan to a borrower on the verge of default, near the repayment date of an existing loan, to facilitate its repayment. Zombies are typically identified using the interest-coverage ratio, the ratio of a firm's profit after tax to its total interest expense. Firms with an interest-coverage ratio lower than one are unable to meet their interest obligations from their income.

Option c is incorrect. A currency swap is **an agreement in which two parties exchange the principal amount of a loan and the interest in one currency for the principal and interest in another currency**. At the inception of the swap, the equivalent principal amounts are exchanged at the spot rate.

Option d is correct. The 'Grandfathering' clause is a special provision by which any entity can be exempted from a new law, rule or regulation. This means the regulations would continue to apply in certain cases in the future. Usually, grandfathering is extended only to a limited number of people.

Such a provision is generally made in a bid to allow new regulations to be enforced without creating a chaos in the existing system. For example, if the capital gains accrued prior to January 31 on mutual funds/ equity will be grandfathered this means that all the gains on mutual funds/ equity until January 31 will be exempt from taxation. Only the gains made after that date will be taxed. **G**randfathering is to exempt someone or something from a new law or regulation.

Source: https://www.moneycontrol.com/news/business/economy/budget-2018-what-does-grandfathering-mean-2498333.html

https://economictimes.indiatimes.com/wealth/tax/understanding-the-new-ltcg-tax-on-equity-and-equity-mutual-fund-units/what-is-grandfathering/slideshow/62860588.cms

https://www.deccanherald.com/business/union-budget/zombie-lending-forbearance-evergreening-economic-survey-talks-about-lending-perils-in-india-944845.html

https://www.livemint.com/news/india/be-wary-of-zombie-lending-cea-11604016228978.html

Q.7) Which one of the following statements most appropriately describes the term 'Shadow Entrepreneurs'?
a) They are optimistic individuals with the ability to pick out financial opportunities and exiting when a business hits its peak.
b) They are rare individuals that come up with a great idea or product that no one has thought of before.
c) They are individuals who manage a business that sells legitimate goods and services but they do not register their businesses.
d) They are individuals with a strong skillset in a specific area obtained through education or apprenticeship.

Ans) c

Exp) Option c is the correct answer.

Shadow entrepreneurs are individuals **who manage a business that sells legitimate goods and services** but they **do not register their businesses.** This means that they do not pay tax, operating in a shadow economy where business activities are performed outside the reach of government authorities. Types of businesses include **unlicensed taxicab services, roadside food stalls and small landscaping operations.** Researcher at Imperial College Business School found that, India has s**econd highest number of shadow entrepreneurs in the world** after Indonesia.

Causes for Rise in Shadow entrepreneurs:

1) **Taxation & Enforcement: High tax rates** accompanied by **loose enforcement** induces **tax avoidance, discourage investment in formal businesses,** and drive entrepreneurial activity toward the informal sector.
2) **Impact of Covid-19:** Shadow entrepreneurs, offering **technology-mediated services,** bring complementary services that traditional service providers may be constrained to offer or consumers **might not be able to access** due to lockdown constraints.
3) **Technological Advancements:** Shadow entrepreneurship is also promoted through technology-enabled new markets and also entry of new and tech savvy con

Source: Rise of shadow entrepreneurship - The Hindu
Shadow entrepreneur: India has second-highest number of shadow entrepreneurs in the world - Times of India (indiatimes.com)

Q.8) With reference to 'Revamped Distribution Sector Scheme', consider the following statements:
1. It aims to improve the operational efficiencies and financial sustainability of power distribution companies in India.
2. All Private and State-owned Power Distribution companies are eligible for financial assistance under the scheme.
3. Power Grid Corporation of India is the nodal agency for the implementation of the scheme.
Which of the statements given above is/are correct?
a) 1 and 2
b) 3 only
c) 1 only
d) 1 and 3

Ans) c

Exp) Option c is the correct answer.

Prime Minister has recently launched the Revamped Distribution Sector Scheme and National Solar rooftop portal. He also laid the foundation stone of various green energy projects of NTPC.

Statement 1 is correct: The Revamped Distribution Sector Scheme aims to **improve the**

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operational efficiencies and financial sustainability of DISCOMs/ Power Departments excluding Private Sector DISCOMs by providing conditional financial assistance for strengthening of supply infrastructure.
National portal for Rooftop solar will enable **online tracking of the process of installation of rooftop solar plants**, starting from registering the applications to release of subsidy in residential consumers ('beneficiaries') bank account after installation and inspection of the plant.
Statement 2 is incorrect: All **State-owned Distribution companies** and State /UT Power Departments (referred to as DISCOMs collectively) **excluding private Sector power companies** will be **eligible for financial assistance** under the revamped scheme. The scheme would be optional to DISCOMs and will be implemented in urban and rural areas of all States/UTs except private DISCOMs. The Scheme would be available till the year 2025-26.
Statement 3 is incorrect: Power Finance Corporation (PFC) and Rural Electrification Corporation (REC) have been nominated as the nodal agencies for the implementation of the scheme.
Knowledge Base: The Objectives of the Revamped Distribution Sector Scheme:
(a) Reduction of AT&C losses to pan-India levels of 12-15% by 2024-25.
(b) Reduction of ACS-ARR gap to zero by 2024-25.
(c) Developing Institutional Capabilities for Modern DISCOMs
(d) Improvement in the quality, reliability, and affordability of power supply to consumers through a financially sustainable and operationally efficient Distribution Sector.
Source:
https://www.pib.gov.in/PressReleasePage.aspx?PRID=1846524#:~:text=With%20an%20outlay%20of%20Rs,of%20supply%20to%20end%20consumers.
https://www.ipds.gov.in/RDSS_Docs/Letter_FAQ_RDSS_17082021.pdf

Q.9) With reference to 'Ethanol Blending in India', consider the following statements:
1. The Ethanol Blended Petrol programme in India was launched immediately after the Global Oil Crisis of 1970s.
2. Recently, the Government advanced the target of 20 per cent ethanol blending in petrol to 2025 from 2030.
3. At present, the ethanol targeted for petrol blending is under exempted category in Goods and Services tax (GST) regime in India.
Which of the statements given above is/are correct?
a) 2 only
b) 2 and 3 only
c) 1 and 3 only
d) 1, 2 and 3

Ans) a
Exp) Option a is the correct answer.
Ethanol can be produced from crops like sugarcane, maize, wheat, etc. which have high starch content. In India, **ethanol is mainly produced from sugarcane molasses** by fermentation process
Since ethanol is produced from plants that harness the power of the sun, ethanol is also considered as renewable fuel.
Statement 1 is incorrect: Government of India had **launched the Ethanol Blended Petrol (EBP) Programme in January, 2003 (not in 1973)** for sale of 5 percent ethanol blended petrol in nine States and four UTs.
Statement 2 is correct: The central government has also released an expert committee report on the Roadmap for Ethanol Blending in India by 2025. The roadmap proposes a gradual rollout of ethanol-blended fuel to achieve E10 fuel supply by April 2022 and phased rollout of E20 from April 2023 to April 2025. The

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government of India has **advanced the target for 20 per cent ethanol blending in petrol (also called E20) to 2025 from 2030.** E20 will be rolled out from April 2023.
Statement 3 is incorrect: The GST on ethanol meant for blending under the Ethanol Blended Petrol is set at 5%. In 2018, the Government has **lowered Goods and Services Tax rate to 5% from 18%** on ethanol meant for blending. **It is not exempted under GST regime in India.**
Source: https://blog.forumias.com/understanding-ethanol-blending/
https://blog.forumias.com/ethanol-blending-programme-and-sugar-industry/
https://www.niti.gov.in/sites/default/files/2021-06/EthanolBlendingInIndia_compressed.pdf

Q.10) With reference to the territories in the news recently and the countries to which they belong, consider the following pairs:

Territories in News	**Countries**
1. Transnistria	Ethiopia
2. Nagorno-Karabakh	Azerbaijan
3. Falkland Islands	United States of America

Which of the pairs given above is/are correct?
a) 1 and 2 only
b) 2 only
c) 3 only
d) 2 and 3 only

Ans) b
Exp) Option b is the correct answer.
Pair 1 is incorrect: Transnistria – officially called the Pridnestrovian Moldavian Republic – is a narrow strip of land between **Moldova and western Ukraine.** It is an **unrecognized break-away state** that left Moldova after the collapse of the Soviet Union in 1990. It has de-facto independence, but it is **not recognized so by the UN.** Transnistria retains its independence largely due the military support provided by the Russian army stationed in the Transnistrian territory. It is internationally recognised as part of Moldova

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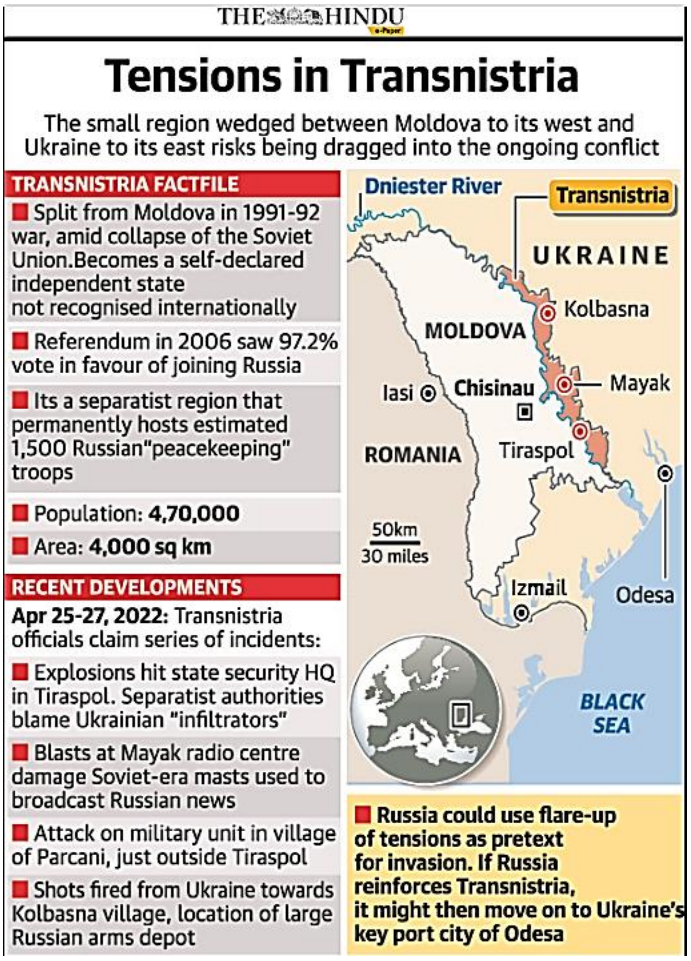
THE HINDU
Tensions in Transnistria
The small region wedged between Moldova to its west and Ukraine to its east risks being dragged into the ongoing conflict
TRANSNISTRIA FACTFILE
Split from Moldova in 1991-92 war, amid collapse of the Soviet Union.Becomes a self-declared independent state not recognised internationally
Referendum in 2006 saw 97.2% vote in favour of joining Russia
Its a separatist region that permanently hosts estimated 1,500 Russian"peacekeeping" troops
Population: 4,70,000
Area: 4,000 sq km
RECENT DEVELOPMENTS
Apr 25-27, 2022: Transnistria officials claim series of incidents:
Explosions hit state security HQ in Tiraspol. Separatist authorities blame Ukrainian "infiltrators"
Blasts at Mayak radio centre damage Soviet-era masts used to broadcast Russian news
Attack on military unit in village of Parcani, just outside Tiraspol
Shots fired from Ukraine towards Kolbasna village, location of large Russian arms depot
Dniester River
Transnistria
UKRAINE
Kolbasna
MOLDOVA
Iasi
Chisinau
Mayak
ROMANIA
Tiraspol
50km
30 miles
Izmail
Odesa
BLACK SEA
Russia could use flare-up of tensions as pretext for invasion. If Russia reinforces Transnistria, it might then move on to Ukraine's key port city of Odesa

Pair 2 is correct: Nagorno-Karabakh is a **landlocked, mountainous and forested region** within the boundaries of Azerbaijan. It is a disputed territory **internationally recognized as part of Azerbaijan** but mostly governed by the Republic of Artsakh, de facto independent state with an Armenian ethnic majority backed by neighbouring Armenia. It is located in the **South Caucasus region,** which straddles the border between Eastern Europe and Western Asia and spans the southern part of the Caucasus mountains. It is roughly made up of modern-day Armenia, Azerbaijan, and Georgia. The capital of Nagorno-Karabakh is Stepanakert.

Pair 3 is incorrect: Falkland Islands is an **archipelago in the South Atlantic Ocean.** The Islands have internal self-governance, and the **UK takes responsibility for their defence and foreign affairs.** The Government

of Argentina has recently launched a campaign demanding negotiation with the UK to settle the territorial dispute over the Falkland Islands. The dispute has been continuing since the early 19th century. Both countries fought a war in 1982 over the dispute. The result was UK's victory. At present, Falkland Island continues to operate as a self-governing British Overseas Territory.

Source: https://blog.forumias.com/embroiling-transnistria-in-the-russia-ukraine-war/
https://www.thehindu.com/news/international/what-is-the-nagorno-karabakh-conflict-explained/article65459587.ece
https://blog.forumias.com/explained-why-armenia-and-azerbaijan-are-at-loggerheads-over-nagorno-karabakh/
https://blog.forumias.com/argentina-to-revive-falklands-issue-in-india/

Q.11) Which one of the following situations best reflects "Indirect Transfers" often talked about in media recently with reference to India?
a) An Indian company investing in a foreign enterprise and paying taxes to the foreign country on the profits arising out of its investment.
b) A foreign company investing in India and paying taxes to the country of its base on the profits arising out of its investment.
c) An Indian company purchases tangible assets in a foreign country and sells such assets after their value increases and transfers the proceeds to India.
d) A foreign company transfers shares and such shares derive their substantial value from assets located in India.

Ans) d
Exp) Option d is the correct answer.
Indirect transfers refer to situations where when foreign entities own shares or assets in India, the shares of such foreign entities are transferred instead of a direct transfer of the underlying assets in India. The amendments made in the Income Tax Act in 2012 clarified that if a company is registered or incorporated outside India, its shares will be deemed to be or have always been situated in India if they derive their value substantially from the assets located in India. As a result, the persons who sold such shares of foreign companies before the enactment of the Act (i.e., May 28, 2012) also became liable to pay tax on the income earned from such sale.
Source) UPSC CSE Pre 2022

Q.12) Which of the following is ***not*** a challenge faced by the Food Processing Sector in India?
a) Poor availability of primary processing, storage and distribution facilities
b) Many Food Processing Industries are in the unorganized sector.
c) Only 49% FDI is permitted in the food-processing sector, leading to fund shortages.
d) Inadequate focus on quality and safety standards

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Ans) c

Exp) Option c is the correct answer.

The Food Processing Industry (FPI) has been touted as a sunrise sector of Indian economy. The food processing sector has been growing at an Average Annual Growth Rate of around 8.41 % between 2014-18. The sector constitutes 8.83 % and 10.66 % of gross value added in manufacturing and agriculture sector respectively.

However, there are still many challenges to the realisation of its full potential. Currently it accounts for less than 10% of the total food in India.

Statements a and d are correct: The Ministry of Food Processing Industries has identified six key challenges faced by the food processing industry:

1) gaps in supply chain infrastructure (i.e., **lack of primary processing, storage and distribution facilities**);
2) inadequate link between production and processing;
3) seasonality of operations and low capacity utilisations;
4) institutional gaps in supply chain, viz., dependence on APMC markets, etc.;
5) in**adequate focus on quality and safety standards**; and
6) lack of product development and innovation

Statement b is correct: The **Food Processing Industry** in India is **highly fragmented** and **dominated** by the **unorganised sector**. These small players **do not have many funds** at their disposal. Hence they are **unable to invest** in **machinery** that can add much value beyond Primary processing. This prevents them from creating products that are in demand by the modern consumer, while making the operation **cheaper** due to the **huge quantity of orde**r. According to ASI date, 39,748 food processing enterprises are in the organised sector in 2016-17 while the number of unincorporated enterprises as per NSSO data stood at 24,59,929 in 2015-16.

Statement c is incorrect: The Food Processing sector was **opened** to a **100% FDI under Automatic Route** in **2016.** Further, in 2017**,** 100 per cent FDI under the Government route for retail trading, including through e-commerce, is permitted in respect of food products manufactured and/or produced in India.

Source:

https://rbidocs.rbi.org.in/rdocs/Bulletin/PDFs/02AR_110320207BF5BBAA459047E49DADA63E3E25BD95.PDF

https://www.investindia.gov.in/siru/indian-food-processing-sector-untapped-growth-opportunity#:~:text=Annual%20Growth%20Rate%20(-,AAGR,-)%20of%20around%208.41

https://www.mofpi.gov.in/sites/default/files/volume1.pdf_0_0.pdf Pg 4-6

Q.13) Consider the following statements:

1. Demutualisation is a process through which the debt of a company is transformed into equity shares.
2. Corporatization is transferring control of a government-owned entity to a private entity.

Which of the statements given above is/are correct?

a) 1 only
b) 2 only
c) Both 1 and 2
d) Neither 1 nor 2

Ans) d

Exp) Option d is the correct answer.

Statement 1 is incorrect: Demutualization is a process by which a private, member-owned company, such as a co-operative, or a mutual life insurance company, **legally changes its structure, in order to become a public-traded company owned by shareholders.** Demutualisation allows such associations to conduct

commercial business to make a profit just like a normal corporate entity. Demutualisation would also allow the exchange to put in place a board of directors, to look after day-to-day operations.

Statement 2 is incorrect: Corporatization occurs when the government reorganizes the structure of a government-owned entity into one that resembles a private entity (not transferring control to private entity). Corporatized companies tend to have a board of directors, management, and shareholders. But the government is the only shareholder, and the shares in the company are not publicly traded.

The goal of the government is to **retain ownership** while allowing the entity to operate efficiently and competitively.

Disinvestment is the action of an organization or government selling or liquidating an asset or subsidiary.

Source: https://economictimes.indiatimes.com/what-does-demutualisation-mean/articleshow/1302065.cms

Q.14) With reference to 'National Investment Fund (NIF)', consider the following statements:

1. The fund is created by the Department of Investment and Public asset management (DIPAM).
2. The capital in the fund is to be mobilised through bonds issued by the Reserve Bank of India.
3. NIF is permanent in nature and is maintained outside the Consolidated fund of India.
4. The funds from NIF can be used for recapitalization of public sector banks in India.

Which of the statements given above are correct?

a) 1 and 2 only
b) 2, 3 and 4 only
c) 1, 3 and 4 only
d) 1 and 3 only

Ans) c

Exp) Option c is the correct answer.

The Government of India constituted the **National Investment Fund** (NIF) on 3rd November, 2005, into which the **proceeds from disinvestment of Central Public Sector Enterprises** were to be channelized.

Statement 1 is correct: National Investment Fund is created by **Department of Investment and public asset management (DIPAM), Ministry of Finance.** In 2016, The Department of Disinvestment was renamed as Department of Investment and Public Asset Management (DIPAM) under Ministry of Finance. It deals with all matters relating to the sale of Central Government equity through offer for sale or private placement or any other mode in the erstwhile Central Public Sector Undertakings.

Statement 2 is incorrect: National Investment Fund **is not mobilized through Public Investment bond**, but it is mobilized from the **proceeds from Disinvestment** which include Central Government equity through offer for **sale or private placement**. As the Fund will be professionally managed, to provide sustainable returns without depleting the corpus, by UTI Asset Management Company Ltd.; SBI Funds Management Company Pvt. Ltd etc.

Statement 3 is correct: The corpus of the National Investment Fund will be of a **permanent nature.** And the disinvestment proceeds will be **credited to the existing 'Public Account' (Out of the Consolidation fund of India) under the head of National Investment Fund**. 75 per cent of the annual income of the Fund will be used to finance selected social sector schemes, which promote education, health and employment. The residual 25 per cent of the annual income of the Fund will be used to meet the capital investment.

Statement 4 is correct: The **funds from National Investment Fund (NIF) can be used** for re**capitalization of public sector banks and public sector insurance companies** so as to strengthen them.

Source: https://dipam.gov.in/national-investment-fundRamesh Singh

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Q.15) With reference to the governance of the National Capital Territory of Delhi, consider the following statements:
1. All executive actions by the government of Delhi shall be taken in the name of the President.
2. Lieutenant Governor can reserve certain bills passed by the Legislative Assembly for the consideration of the President.
3. The legislative assembly can make rules to consider the matters of day-to-day administration of the NCT of Delhi.
Which of the statements given above is/are correct?
a) 2 only
b) 2 and 3 only
c) 1 and 2 only
d) 1 and 3 only

Ans) a
Exp) Option a is the correct answer.
Delhi is a Union Territory under Schedule 1 of the Constitution. It has the absence of statehood. However, it has been declared as the "National Capital Territory" which is governed under Article 239AA.
Statement 1 is incorrect: The Government of National Capital Territory of Delhi Act, 1991 specifies that all executive action by the government, whether taken on the advice of the Ministers or otherwise, **must be taken in the name of the Lieutenant Governor.** The 2021 Amendment Act adds that on certain matters, as specified by the LG, his opinion must be obtained before taking any executive action on the decisions of the Minister/ Council of Ministers.
Statement 2 is correct: The LG can reserve certain Bills passed by the Legislative Assembly for the consideration of the President. These Bills are those: (i) which may diminish the powers of the High Court of Delhi, (ii) which the President may direct to be reserved, (iii) dealing with the salaries and allowances of the Speaker, Deputy Speaker, and members of the Assembly and the Ministers, or (iv) relating to official languages of the Assembly or the NCT of Delhi. The LG can also reserve those Bills for the President which incidentally cover any of the matters outside the purview of the powers of the Legislative Assembly.
Statement 3 is incorrect. The NCT of Delhi (Amendment) Act, 2021 **prohibits the Legislative Assembly** from making any rule to enable itself or its committees to:
1) consider the matters of day-to-day administration of the NCT of Delhi and
2) conduct any inquiry in relation to administrative decisions
Further, the Act provides that all such rules made before its enactment will be void.
Source: https://www.thehindu.com/specials/text-and-context/the-delhi-dual-governance-conundrum/article65372936.ece
https://prsindia.org/billtrack/the-government-of-national-capital-territory-of-delhi-amendment-bill-2021
https://blog.forumias.com/the-government-of-nct-of-delhi-amendment-bill-2021-explained-pointwise/

Q.16) Which of the following institutions publishes The Global Competitiveness Report?
a) International Monetary Fund
b) United Nations Conference on Trade and Development
c) World Economic Forum
d) World Bank

Ans) c
Exp) Option c is the correct answer.

The Global Competitiveness Report is published by the World Economic Forum (WEF). The Global Competitiveness Rankings have been paused in the **wake of the COVID-19 pandemic** and challenges brought by it to the countries. **The most recent global competitiveness ranking was released in 2019 in which** India was ranked **58th.**

The report has **twelve pillars of competitiveness.** These are:

(a) Institutions
(b) Appropriate infrastructure
(c) Stable macroeconomic framework
(d) The good health and primary education
(e) Higher education and training
(f) Efficient goods markets
(g) Efficient labour markets
(h) Developed financial markets
(i) Ability to harness existing technology
(j) Market size–both domestic and international
(k) Production of new and different goods using the most sophisticated production processes
(l) Innovation

Knowledge Base: Aspirants should not confuse the Global Competitiveness Index released by WEF with the **World Competitiveness Index released by the Swiss based Institute for Management Development (IMD)**.

Source: https://www.thehindu.com/business/india-ranks-68th-on-global-competitiveness-index-singapore-on-top/article29623469.ece

Q.17) With reference to the space sector in India, consider the following statements:

1. The New Space India Limited (NSIL) has been created as a public sector company to commercialise the space assets of ISRO.
2. The newly created IN-SPACe is an agency created to promote private sector participation in the space sector.
3. Indian Space Association chaired by Prime Minister is created to fast-track the approval of space related activities in India.

Which of the statements given above is/are correct?

a) 1 and 2 only
b) 2 and 3 only
c) 3 only
d) 1, 2 and 3

Ans) a

Exp) Option a is the correct answer.

The global space economy is currently valued at about USD 360 billion. Despite being among a few spacefaring nations in the world, **India accounts for only about 2% of the space economy**. **Promoting the private sector** will enable the Indian space program to remain **cost competitive** within the global space market.

Statement 1 is correct: In order to commercially exploit the products and services emanating from the Indian Space Programme, the New Space India Limited (NSIL) has been incorporated in March 2019. It is a wholly-owned Government of India company under the administrative control of Department of Space (DoS). It is the commercial arm of Indian Space Research Organisation.

Statement 2 is correct: IN-SPACe is an autonomous agency in the Department of Space (DOS). To facilitate private sector participation, the government has created the **Indian National Space Promotion**

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and Authorisation Centre (IN-SPACe), as a single-window, independent, nodal agency. IN-SPACe is responsible to promote, enable, authorise and **supervise** various space activities of the privates' sectors including the **building of launch vehicles & satellites** and providing space-based services; **sharing of space infrastructure** and premises under the control of DOS/ISRO; and establishment of new space infrastructure and facilities.

Statement 3 is incorrect: Indian Space Association (ISpA) is only an advisory body and it is not headed by the Prime Minister. ISpA is an apex, non-profit industry body exclusively working towards the successful exploration, collaboration, and development of the **private and public Space Industry in** India**. I**t engages with all Stakeholders and act as a catalyst for accelerating the exchange of knowledge, information and technology of space-related domains amongst all stakeholders to **make India self-reliant in** space technology.

Source: https://pib.gov.in/FactsheetDetails.aspx?Id=148560
https://www.inspace.gov.in/inspace?id=inspace_about_inspace
https://www.isro.gov.in/NSIL.html
https://ispa.space/aboutus.html#executiveCouncil
https://www.nsilindia.co.in/sites/default/files/u1/NSIL%20Brochure%20Single%20pages.pdf
https://www.nsilindia.co.in/Aboutus

Q.18) With reference to the recent trends related to Service Sector of Indian economy, consider the following statements:
1. The service sector's contribution to India's total Gross Value Addition has been steadily increasing in the last 5 years.
2. The share of female labour force in health sector is higher than the share of male labour force.
3. India's software export was the largest contributor to its total service sector exports in the last fiscal.
Which of the statements given above is/are correct?
a) 1 and 2 only
b) 2 and 3 only
c) 3 only
d) 1, 2 and 3

Ans) b

Exp) Option b is the correct answer.

Statement 1 is incorrect: Services sector **contributes over 50 per cent to India's GDP**. While Covid-19 pandemic has had an adverse impact on most sectors of the economy, the services sector has been the worst affected as its' share in India's GVA declined from **55 per cent in 2019-20 to 54 per cent in 2021-22.**

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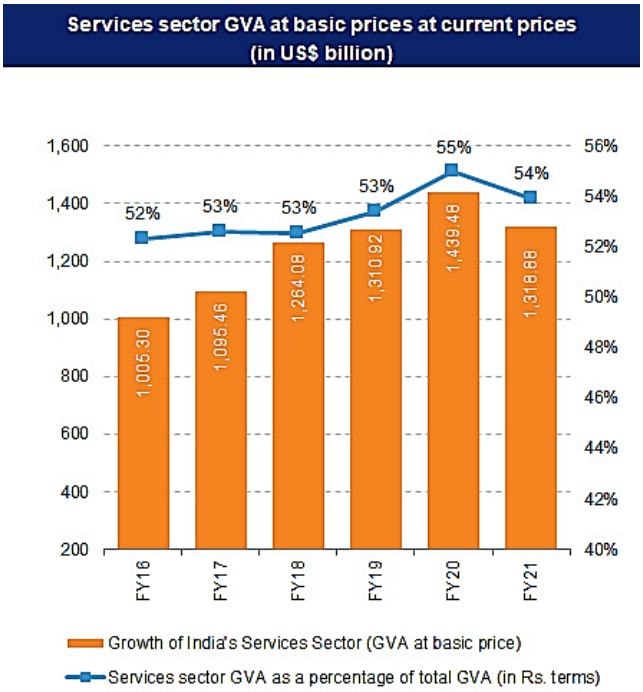

Statement 2 is correct: Among the employed, the share of **females is higher than that of their male** counterparts in the **health sector with 52%.** The share of female employees was also **substantial** in the sectors of **Education (44.6%), IT/BPOs (37.6%), and Financial Services (31.1%).**

Statement 3 is correct: India's software exports, with a share of more than 40 per cent in total services exports is the largest contributor to the service sector exports in 2021-22. It remained relatively resilient during Covid-19 period with higher demand for digital support, cloud services and infrastructure modernisation catering to the new pandemic challenges.

Commodity Group	Share (per cent)	
	2010-11	2020-21
Total Services Exports	**100**	**100**
Travel	12.7	4.1
Transportation	11.4	10.6
Insurance	1.6	1.2
GNIE*	0.4	0.3
Software Services	42.6	48.5
Business Services	19.3	23.9
Financial Services	5.2	2.1
Communication	1.3	1.4

Source: Economic survey (Service sector page 315 & 316)
https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1862597

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Q.19) With reference to the Start-ups in India, consider the following statements
1. Among the Indian states, Karnataka has the highest number of recognised start-ups.
2. Unicorn is a term given to Start-up company whose annual profit is more than $1 billion.
3. Under the Start-up India initiative, there is no direct fund allocation from Union government to states governments.
Which of the statements given above is/are correct?
a) 1 and 2 only
b) 2 and 3 only
c) 3 only
d) 1, 2 and 3

Ans) c
Exp) Option c is the correct answer.
Start-ups in India have grown remarkably over the last six years, most of these belong to the services sector. As of **2022** there were more than **61,400 start-ups** that have been recognised in India
Statement 1 is incorrect: With a total of **11,308 start-ups Maharashtra has the highest number of recognised start-ups in India** while **Karnataka has total of 8,881**. Recently, **Delhi has replaced Bangalore as the start-up capital of India.** Over 5,000 recognised start-ups were added in Delhi while 4,514 start-ups were added in Bangalore between 2019 to 2021.
Statement 2 is incorrect; Unicorn is a term used in the venture capital industry to describe a privately held start-up company with a market valuation of over $1 billion.
Statement 3 is correct: There is no direct fund allocation from DPIIT to States/UTs under Start-up India initiative. However, Government of India has established a Fund of Funds for Start-ups (FFS) with corpus of **Rs. 10,000 crores**, to meet the funding needs of start-ups. **DPIIT is the monitoring** agency and Small Industries Development Bank of India **(SIDBI) is the operating agency for FFS. The flow of funds is Government > SIDBI > Venture Capitals >Start-ups.**

Q.20) With reference to the 'Air-Independent Propulsion' technology, consider the following statements:
1. It allows a conventional submarine to remain submerged for much longer than ordinary diesel-electric submarines.
2. It allows a non-nuclear submarine to operate without access to atmospheric oxygen.
Which of the statements given above is/are correct?
a) 1 only
b) 2 only
c) Both 1 and 2
d) Neither 1 nor 2

Ans) c
Exp) Option c is the correct answer.
Statement 1 is correct: AIP (Air-Independent Propulsion) technology allows a **conventional submarine to remain submerged for much longer than ordinary diesel-electric submarines.** All conventional submarines have to surface to run their generators that recharge the batteries that allow the boat to function underwater. However, the more frequently a submarine surfaces, the higher the chances of it being detected. AIP allows a submarine to remain submerged for more than a fortnight compared to two to three days for diesel-electric boats.
Statement 2 is correct: Air-independent propulsion (AIP), or air-independent power, is marine propulsion technology that **allows a non-nuclear submarine to operate without access to atmospheric oxygen** (by

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surfacing or using a snorkel). AIP can augment or replace the diesel-electric propulsion system of non-nuclear vessels.
Source: https://blog.forumias.com/explained-submarine-tech-that-india-wants/
https://newsonair.com/2022/01/27/all-about-drdos-massive-air-independent-propulsion-system-tableau/

Q.21) Which of the following activities constitute real sector in the economy?
1. Farmers harvesting their crops
2. Textile mills converting raw cotton into fabrics
3. A commercial bank lending money to a trading company
4. A corporate body issuing Rupee Denominated Bonds overseas
Select the correct answer using the code given below:
a) 1 and 2 only
b) 2, 3 and 4 only
c) 1, 3 and 4 only
d) 1, 2, 3 and 4

Ans) a
Exp) Option a is the correct answer.
There are three sectors of any domestic economy:
1) General government sector
2) Real sector
3) Financial sector
Options 1 and 2 are correct: The real sector of the economy consists of enterprises (non-financial corporations), households and non-profit institutions serving households. **Non-financial organizations comprise all resident units involved in production of market goods and non-financial services. Market goods and services are those goods and services that are sold at market prices (economically significant prices)**.
Options 3 and 4 are incorrect: The financial sector consists of corporations principally engaged in financial intermediation or in auxiliary financial activities that contribute to financial intermediation.
Source) UPSC CSE Pre 2022

Q.22) With reference to the Patents Act 1970 in India, consider the following statements
1. The discovery of any new property or new use for a known substance is eligible for Patent under the Act.
2. The Act ensures that government can never allow a third party to produce a patented product or process without the consent of the patent owner.
Which of the statements given above is/are correct?
a) 1 only
b) 2 only
c) Both 1 and 2
d) Neither 1 nor 2

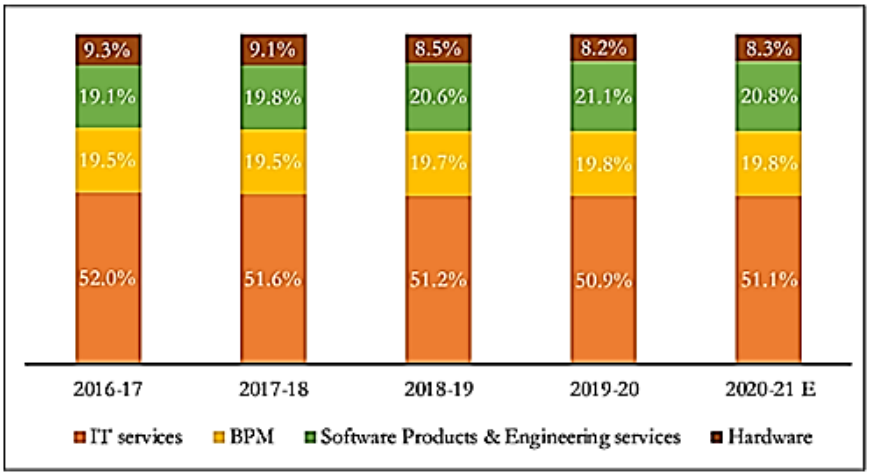
Ans) d
Exp) Option d is the correct answer.
A patent is an exclusive set of rights granted for an invention that provides a new way of doing something or offers a new technical solution to a problem. It is of two types: product patent and process patent. Indian patents are governed by the Indian Patent Act of 1970. **Under the act, patents are granted if the invention fulfils the following criteria:**

It should be novel
It should have inventive step/s or it must be non-obvious
It should be capable of Industrial application
Statement 1 is incorrect: Section 3 of Indian Patents Act 1970 deals with **what does not qualify as an invention under the Act**.
Section 3(d) in particular excludes "the mere discovery of a new form of a known substance which does not result in the enhancement of the known efficacy of that substance.
or the mere discovery of any new property or new use for a known substance **(Hence statement 1 is incorrect)**
or of the mere use of a known process, machine or apparatus unless such known process results in a new product
or employs at least one new reactant" from being eligible for protection under patent law.
Section 3(d) prevents what is known as "evergreening" of patents.
It is a corporate, legal, business, and technological strategy for extending/elongating the term of a granted patent in a jurisdiction that is about to expire, in order to retain royalties from them, by taking out new patents.
Statement 2 is incorrect: There is a provision for compulsory licensing in the Patents act 1970. It is an **authorization granted by the Government to someone else i.e., a third party to produce a patented product without the consent of the patent owner.** Thus, the patent owner cannot take undue advantage of exclusive rights granted by patent. Hence, compulsory licencing tries to eliminate misuse of patent rights by a patent holder in view of public health or anti-competitive practices which would result in restricting trade or hindering technology transfer. **(Hence statement 2 is incorrect.)**
Source: https://www.thehindu.com/news/national/explained-the-indian-patent-regime-and-its-clash-with-the-us-norms/article65464988.ece
https://sagaciousresearch.com/blog/secondary-patenting-or-evergreening-india/

Q.23) With reference to the Information Technology-Business Process Management (IT-BPM) sector, consider the following statements
1. The software & engineering services constitute the majority share of the IT-BPM sector.
2. It is the largest employer within the organised private sector.
3. More than half of India's IT-BPM sector's export earning comes from the United States of America.
Which of the statements given above is/are correct
a) 1 only
b) 2 only
c) 2 and 3 only
d) 1, 2 and 3

Ans) c
Exp) Option c is the correct answer.
The Information Technology-Business Process Management (IT-BPM) sector is a major segment of India's services. During 2020-21, according to NASSCOM's provisional estimates, IT-BPM revenues (excluding e-commerce) reached US$ 194 billion, growing by 2.26 per cent YoY, adding 1.38 lakh employees
Statement 1 is incorrect Within the IT-BPM sector, **IT services constitute the majority share (> 51 per cent)**. Its share has been consistent over the last many years. The share of **Software & Engineering services** in the IT-BPM sector, which was consistently growing each year, saw a slight decline to **20.78 per cent in 2020-21. BPM service**s share remained same at **19.8 pe**r cent, while that of **Hardware services** slightly improved to **8.3 per cent.** In 2020-21,

Figure 5: Sub-sectors share in IT-BPM Revenue (excluding hardware & e-commerce)



Source: NASSCOM. Note: E: Estimate.

Statement 2 is correct: The IT-BPM industry in India constitutes **8% of India's GDP**. The industry is the **largest employer within the organised private secto**r, employing almost 4.14 million people currently.
Statement 3 is correct: The United States remained the biggest source of exports revenues amounting **US$ 92.1 billion** in 2020-21. This accounts for about **62 per cent of total IT-BPM exports.** This is followed by the **UK**, which is the **second** largest export market for IT-BPM services with a share of around **17 per cent.** The revenue from exports to the UK amounted to US$ 25.2 billion in 2020-21. **Europe (excluding UK) and Asia-Pacific** account for **11.5 per cent and 7.7 per cent** respectively of the export earnings of India.
Source: Economic survey(pg no 326,327)
https://www.makeinindia.com/sector/it-and-bpm

Q.24) With reference to the Transfer Price and Safe Harbour rules under Income Tax Act, consider the following statements
1. Transfer price is a price which represents the value of goods or services exchanged between independently operating units of the same organisation.
2. Safe Harbor is a circumstance under which the income tax authorities shall accept the transfer pricing declared by the tax assessee.
Which of the statements given above is/are correct
a) 1 only
b) 2 only
c) Both 1 and 2
d) Neither 1 nor 2

Ans) c
Exp) Option c is the correct answer.
Transfer pricing refers to the rules and methods for pricing **transactions** within and between enterprises under **common ownership or control. Multinational companies can manipulate** transfer prices in order to shift profits to low tax regions. To **remedy this,** regulations enforce an **arm's length transaction rule** which means **transactions between two or more unrelated and unaffiliated parties agree to do business, acting independently.**
Statement 1 is correct: Transfer price is a price which represents the value of goods or services between independently operating units of an organisation. But, the expression "transfer pricing" generally refers to prices of transactions between associated enterprises which may take place under conditions differing

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from those taking place between independent enterprises. It refers to the value attached to transfers of goods, services and technology between related entities. It also refers to the value attached to transfers between unrelated parties which are controlled by **a common entity.**

Statement 2 is correct: Safe Harbor is a circumstance under which the income tax authorities shall accept the transfer pricing declared by the tax assessee. Which means that where an eligible assessee has entered into an eligible transaction then the transfer price declared by the assessee in respect of such transaction shall be accepted by the income-tax authorities. The condition is that this transfer pricing should be is in accordance with the circumstances as specified under the rules of Income tax Act.

Source:

https://incometaxindia.gov.in/_layouts/15/dit/pages/viewer.aspx?grp=act&cname=cmsid&cval=102120000000041653&searchfilter=#:~:text=92CB.,make%20rules%20for%20sale%20 harbour.

https://www.investopedia.com/terms/t/transferprice.asp

Q.25) Consider the following statements with respect to the India-Nordic summit:

1. India is the only country besides United States to engage with Nordic countries on summit level.
2. The first ever India-Nordic summit was recently held in 2022.

Which of the statements given above is/are correct?

a) 1 only
b) 2 only
c) Both 1 and 2
d) Neither 1 nor 2

Ans) a

Exp) Option a is the correct answer.

Statement 1 is correct: India is the **only other country** besides the United States that the Nordic countries engage with on a summit level. Nordic countries are important for India as they collectively represent an economy of more than $1.6 trillion. All these countries figure among the top achievers in several areas of human endeavour, particularly innovation, clean energy, green technologies, and education. **Total bilateral trade** in goods and services between India and the Nordic countries **is $13 billion.**

Statement 2 is incorrect: India-Nordic summit is a summit between India and Nordic Countries namely **Denmark, Iceland, Finland, Sweden and Norway.** The **first India-Nordic summit** was held in Stockholm, Sweden **in 2018.** The second India-Nordic summit was held in 2022 at Christiansborg Palace in Copenhagen, Denmark. It primarily focused on post-pandemic economic recovery, climate change, renewable energy, and the evolving global security scenario.

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Source: https://blog.forumias.com/joint-statement-2nd-india-nordic-summit/

Q.26) With reference to the Reinsurance Companies in India, consider the following statements:
1. Reinsurance companies have been kept out of regulatory jurisdiction of the Insurance Regulatory and Development Authority of India.
2. The foreign reinsurance companies are prohibited from operating in India.
Which of the statements given above is/are correct?
a) 1 only
b) 2 only
c) Both 1 and 2
d) Neither 1 nor 2

Ans) d

Exp) Option d is the correct answer.

The term **reinsurer** refers to a company that provides **financial protection to insurance companies.** Reinsurers handle **risks** that are too large for insurance companies to handle on their own and make it possible for insurance companies to obtain more business.

Statement 1 is incorrect The **Insurance Regulatory and Development Authority (IRDA)** of India is a regulatory body entrusted with a task to **regulate, promote** and ensure orderly growth of the **insurance and reinsurance industries in India.**

Statement 2 is incorrect: Swiss Reinsurance Company Ltd, India Branch, Lloyd's India Reinsurance Branch are some of the **foreign reinsurance branches operating in India**. Recently the Insurance Regulator Development Authority (IRDA) has **allowed foreign reinsurance branches,** including **Lloyd's India**, to **repatriate up to 20% of the excess assigned capital** to attract more players and allow free movement of capital.

Source: https://new.irdai.gov.in/frbs
https://www.livemint.com/insurance/news/foreign-reinsurers-can-repatriate-up-to-20-of-assigned-capital-irdai-11666794235825.html
https://indianexpress.com/article/business/boost-foreign-reinsurers-obligatory-cession-7732491/

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Q.27) With reference to the Indian economy, consider the following statements:
1. Insurance penetration is measured as the ratio of insurance premium to the population of the country.
2. Insurance density is calculated as the ratio of insurance premium to the GDP of the country.
3. India performs better in terms of life insurance penetration than the non-life insurance penetration.
Which of the statements given above is/are correct?
a) 1 and 3 only
b) 1 and 2 only
c) 3 only
d) 2 and 3 only

Ans) c
Exp) Option c is the correct answer.
Statement 1 is incorrect: Internationally, the potential and performance of the insurance sector are generally assessed based on two parameters, viz., insurance penetration and insurance density. **Insurance penetration is measured as the percentage of insurance premium to GDP** of the country.
Statement 2 is incorrect: Insurance density is calculated as the **ratio of insurance premium to population.**
Statement 3 is correct: In India, insurance penetration was 2.71 per cent in 2001 and has increased to **4.2 per cent in 2020.** As of 2020, the penetration for **life insurance** in India is **3.2 percent** and **nonlife insurance** penetration are **1 percent.**
Source: Economic survey (pg no 144-146)

Q.28) Consider the following statements regarding 'Limited Liability Partnership' (LLP):
1. In LLP, the partners are not responsible or liable for another partner's misconduct or negligence.
2. In India they are governed under the provisions of the Companies Act, 2013.
3. They can issue an Initial Public Offering only after the prior approval of SEBI.
Which of the statements given above is/are correct?
a) 1 only
b) 2 and 3 only
c) 3 only
d) 1 and 3 only

Ans) a
Exp) Option a is the correct answer.
Statement 1 is correct: Limited Liability Partnership (LLP) is an **alternative corporate business** form in which some or all partners (depending on the jurisdiction) have limited liabilities. Under this, partners are **not responsible or liable for another partner's misconduct or negligence**. This is an important difference from the traditional unlimited partnership in which each partner has joint liability.
Statement 2 is incorrect: All limited liability partnership in India is governed under **the Limited Liability Partnership Act of 2008**. The Ministry of Corporate Affairs implements the Act.
Statement 3 is incorrect: The LLP is same as ordinary partnership and the only difference between LLP and ordinary partnership is the liability of LLP partners is limited. **LLP cannot issue IPO** and **cannot use public money** as a company does.
Source: Decriminalisation of offences under LLP Act|ForumIAS Blog
Ministry Of Corporate Affairs - Nature of Limited Liability Parterneship (LLP) (mca.gov.in)

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Q.29) Consider the following statements with reference to the Micro insurance in India:
1. It is an insurance policy designed for the betterment of the economically vulnerable population of the country.
2. Under Microinsurance, only life insurance policies can be provided, not the general insurance policies.
3. District Co-operative Banks and Regional Rural Banks can be appointed as a micro-insurance agent in India.
Which of the statements given above are correct?
a) 1 and 2 only
b) 2 and 3 only
c) 1 and 3 only
d) 1, 2 and 3

Ans) c
Exp) Option c is the correct answer.
Statement 1 is correct: Micro insurance is a type of insurance policies designed for the betterment of the economically vulnerable population of the country. The category of micro insurance has been created by the Insurance Regulatory and Development Authority of India (IRDAI). Micro insurance can provide insurance cushioning for the economically vulnerable population. Such plans can provide a sense of security to low-income people that are unable to afford the popular form of insurance. Micro insurance is an insurance plan created for providing insurance solutions to individuals living in a rural area.
Statement 2 is incorrect: According to IRDAI, a micro-insurance policy is:
A general or life insurance policy (not only the life insurance policy) with a sum assured of Rs 50,000 or less
A general micro-insurance product is any:
(a) Health insurance contract
(b) Any contract covering belongings such as
(c) Hut
(d) Livestock
(e) Tools or instruments or
(f) Any personal accident contracts
(g) They can be on an individual or group basis
A life micro-insurance product is:
(a) A term insurance contract with or without return of premium
(b) Any endowment insurance contract or
(c) A health insurance contract
(d) They can be with or without an accident benefit rider and
(e) Either on an individual or group basis
There is flexibility in the regulations for insurers to offer composite covers or package products that include life and general insurance covers together
Statement 3 is correct: In India, the first micro-insurance regulation was introduced by IRDA in 2005, with the IRDA (Micro-insurance) Regulations, 2005. **The IRDA (Micro-insurance) Regulations, 2005** was amended in the year 2015 with the goal of increasing micro-insurance penetration in India. It **allowed District Co-operative Banks, Regional Rural Banks, and Business Correspondents of Scheduled Commercial Bank**s to be appointed as **micro-insurance agents.**
Source: https://www.acko.com/insurance/microinsurance/
https://www.turtlemint.com/insurance/articles/an-overview-of-micro-insurance-in-india/
https://timesofindia.indiatimes.com/readersblog/educurioso/growth-and-appraisal-of-micro-insurance-and-the-way-forward-45236/

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Q.30) With reference to the Shigella Bacteria, consider the following statements:
1. The presence of this bacteria can result in Diarrhoea in humans.
2. There are currently no vaccines for infection caused by Shigella bacteria.
3. An outbreak of Shigella bacteria recently occurred in State of Kerala.
Which of the statements given above is/are correct?
a) 2 only
b) 2 and 3 only
c) 1 and 3 only
d) 1, 2 and 3

Ans) d
Exp) Option d is the correct answer.
Shigella is a genus of bacteria that causes an infection called shigellosis.
Statement 1 is correct: Shigella is a bacterium that belongs to the **Enterobacter family –** a group of bacteria that **reside in the intestine,** not all of which cause disease in humans. It mainly affects the intestine and results in diarrhoea, sometimes bloody, stomach pain, and fever. **Shigella is one of the leading bacterial causes of diarrhea worldwide.**
Statement 2 is correct: The cornerstone of shigella treatment is the maintenance of hydration and electrolyte balance. Antibiotics are also recommended for reducing illness duration and for preventing transmission. However, currently, there are **no vaccines available for shigellosis.**
Statement 3 is correct: The Kerala health department identified Shigella bacteria outbreak as the cause for the food poisoning incident in Kasaragod district of Kerela.
Knowledge Base:
1) Shigellosis is a food- and water-borne infection, and can happen when someone consumes contaminated food.
2) Shigellosis is primarily a disease of poor and crowded communities that **do not have adequate sanitation or safe water.**
3) The incubation period of shigellosis is typically 1–4 days.
4) The disease is easily **spread by direct or indirect contact** with the excrement of the patient. Shigella is generally transmitted through contaminated food or water, or through person-to-person contact.
5) There are four types of Shigella bacteria that affect humans – Shigella sonnei, Shigella flexneri, Shigella boydii, and Shigella dysenteriae. The fourth type causes the most severe disease because of the toxin it produces.

Source: https://indianexpress.com/article/explained/explained-shigella-bacteria-killed-girl-eating-shawarma-kerala-7902768/#:~:text=Shigella%20is%20a%20bacterium%20that,%2C%20stomach%20pain%2C%20and%20fever.
https://blog.forumias.com/explained-what-is-shigella-the-bacteria-that-killed-a-girl-after-she-ate-shawarma-in-kerala/

Q.31) With reference to 'Quality Council of India (QCI)', consider the following statements:
1. QCI was set up jointly by the Government of India and the Indian Industry.
2. Chairman of QCI is appointed by the Prime Minister on the recommendations of the industry to the Government.
Which of the above statements is/are correct?
a) 1 only
b) 2 only
c) Both 1 and 2
d) Neither 1 nor 2

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Ans) c

Exp) Option c is the correct answer.

The Quality Council of India is an autonomous body **set up by the Ministry of Commerce and Industry, Government of India jointly with the Indian Industry.**

It is registered as a non-profit society and is **governed by a Council with equal representations of government, industry and consumers**. **The Chairman of QCI is appointed by the Prime Minister** on the recommendations of the industry to the Government.

Source) UPSC CSE Pre 2017

Q.32) Consider the following statements with reference to the MSME sector in India:

1. They contribute around one-third of the total GDP of India.
2. MSME related products comprises more than 40% of India's total exports.
3. Currently, there are no goods reserved to be produced only by MSME.

Which of the statements given above is/are correct?

a) 1 and 2 only
b) 2 only
c) 1 and 3 only
d) 1, 2 and 3

Ans) d

Exp) Option d is the correct answer.

Micro, Small & Medium Enterprises (MSMEs) contribute significantly to the economic and social development of the country by fostering entrepreneurship and by generating employment opportunities.

Statement 1 is correct: According to the MSME ministry data, there are about 6.3 crore MSMEs in India which contribute about 29% to the country's GDP (i.e. around **1/3 of GDP**). The government has taken several initiatives to nurture and promote the MSMEs such as the **revision in the definition of MSMEs**, **SFURTI**, launch of **CHAMPION portal** etc.

Statement 2 is correct: MSME related products export share of **all India exports stood at 49.4%** and **49.8% for FY21 and FY20 respectively**. India aims to achieve the challenging target of **1 trillion** in exports by **2027**.

Statement 3 is correct: In 2015, the government has **lifted curbs on making 20 items** that had been exclusively meant for micro and small enterprises, dropping one of the last remaining industrial production controls and opening the way for their manufacture on a large scale. Thus, **currently there are no reservations on the production of certain items** by MSME only.

Knowledge Base:

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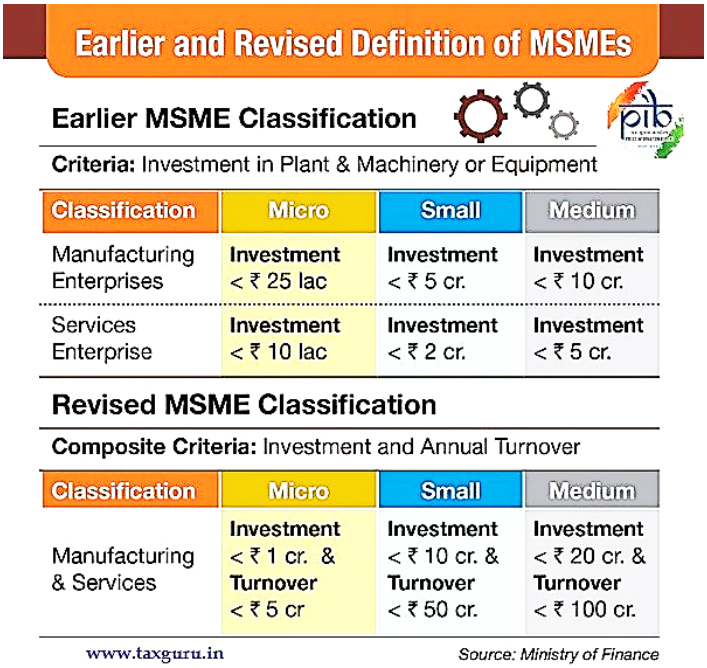
Earlier and Revised Definition of MSMEs
Earlier MSME Classification
Criteria: Investment in Plant & Machinery or Equipment
Classification | Micro | Small | Medium
Manufacturing Enterprises | Investment < ₹ 25 lac | Investment < ₹ 5 cr. | Investment < ₹ 10 cr.
Services Enterprise | Investment < ₹ 10 lac | Investment < ₹ 2 cr. | Investment < ₹ 5 cr.
Revised MSME Classification
Composite Criteria: Investment and Annual Turnover
Classification | Micro | Small | Medium
Manufacturing & Services | Investment < ₹ 1 cr. & Turnover < ₹ 5 cr | Investment < ₹ 10 cr. & Turnover < ₹ 50 cr. | Investment < ₹ 20 cr. & Turnover < ₹ 100 cr.
www.taxguru.in
Source: Ministry of Finance

Source: https://www.thehindubusinessline.com/economy/policy/govt-removes-last-20-items-reserved-for-production-by-msmes/article7099156.ece
https://www.ibef.org/industry/msme
Economic Survey 2021-2022, Chapter - Industry and Infrastructure, Page no. 282

Q.33) With reference to 'Insurance Regulatory and Development Authority (IRDA)', consider the following statements:
1. It is a statutory body formed under the General Insurance Business Act of 1972.
2. It regulates the investment of funds by the insurance companies in India.
3. It is mandatory for the government to appoint the members of IRDA from public-sector insurance companies only.
Which of the statements given above is/are correct?
a) 1 and 2 only
b) 2 only
c) 2 and 3 only
d) 1 and 3 only

Ans) b
Exp) Option b is the correct answer.
The Insurance Regulatory and Development Authority of India (IRDAI) is an **autonomous and statutory body**. It is responsible for managing and regulating the insurance and reinsurance industry in India.
Statement 1 is incorrect: Insurance Regulatory and Development Authority of India (IRDAI), is a statutory body formed under an Act of Parliament, i.e., **Insurance Regulatory and Development Authority Act, 1999 (IRDAI Act 1999)** for overall supervision and development of the Insurance sector in India. The powers and functions of the Authority are laid down in the IRDAI Act, 1999 and Insurance Act, 1938.
Statement 2 is correct: **Section 14 of IRDAI Act, 1999** lays down the duties, powers and functions of IRDAI the powers and functions of the Authority include **regulating investment of funds by insurance companies.** It also has functions like protection of the interests of the policy holders in matters concerning

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assigning of policy, nomination by policy holders, insurable interest, settlement of insurance claim, surrender value of policy and other terms and conditions of contracts of insurance etc.

Statement 3 is incorrect: It is only the tradition to hire people from **public sector insurance companies and not an obligation on part of Government.** Recently, the government had appointed a senior executive from the private sector as member (non-life) in the IRDAI.

The authority is a **ten-member body** consisting of a chairman, **five whole-time members, four part-time members**, all of the appointments are done by the **Government of India**.

Source: Insurance Regulatory & Development Authority | Department of Financial Services | Ministry of Finance | Government of India

Irdai: Govt appoints Devasia as member IRDAI, BFSI News, ET BFSI (indiatimes.com)

Q.34) With reference to Foreign Direct Investment (FDI) in insurance sector, consider the following statements:

1. FDI under automatic route in insurance company cannot exceed 49% limit.
2. It is mandatory for insurance companies with foreign investment to have the majority of their directors as resident Indians.

Which of the statements given above is/are correct?

a) 1 only
b) 2 only
c) Both 1 and 2
d) Neither 1 nor 2

Ans) b

Exp) Option b is the correct answer.

The Finance Ministry notified the **Indian Insurance Companies (Foreign Investment) Amendment Rules, 2021.** These rules will apply to all insurers irrespective of the stake held by the foreign partner.

Statement 1 is incorrect: Parliament had passed the **Insurance Amendment Bill 2021** to increase the FDI limit in the insurance sector to 74% from 49%. Government raised the **permissible FDI limit from 49percent to 74percent** in Insurance Companies under the automatic route and allow foreign ownership and control with safeguards.

Statement 2 is correct: As per **Insurance Companies Amendment Rules, 2021,** any Indian insurance company with foreign investment exceeding 49% should have half of its board of directors as an independent director. Indian insurance companies, with foreign investment, should have the **majority of their directors and key management persons as resident Indians**.

Source: https://blog.forumias.com/government-notifies-rules-for-74-fdi-in-insurance-sector/

Economic Survey-Industry and Infrastructure

Q.35) With reference to the findings of the National Family Health Survey (NFHS)-5 and its comparison with the findings of NFHS-4, consider the following statements:

1. The total fertility rate at national level has declined below the replacement level of 2.1.
2. The Sex Ratio at Birth has declined for all the states except Tripura.
3. While Infant Mortality Rate has declined across all states, malnourishment among children has been increasing.
4. Obesity has increased for both men and women across all states.

Which of the statements given above is/are correct?

a) 1 and 4 only
b) 1, 3 and 4 only
c) 2 and 3 only
d) 1 only

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Ans) d

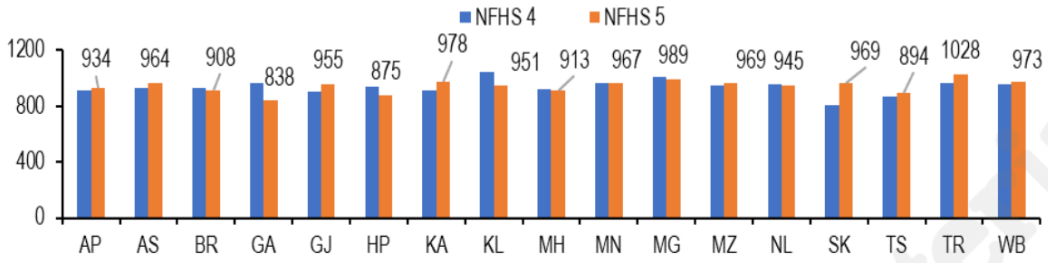
Exp) Option d is the correct answer.

National Family Health Survey (NFHS) is **released by the Ministry of Health and Family Welfare (MoHFW).** The MoHFW designated the **International Institute for Population Sciences (IIPS), Mumbai, as the nodal agency.**

Statement 1 is correct: Total Fertility Rates (TFR) **declined from 2.2 to 2.0 at the national level.** This is **below the replacement level of fertility of 2.1** children per woman. Only six States – Bihar, Meghalaya, Manipur, Jharkhand and Uttar Pradesh – have a TFR above two. India is ageing faster than anticipated. The total fertility rate (TFR) is the **average number of children a woman would give birth to during her lifetime** if she were to pass through her childbearing years (15-49 years) experiencing the present-day age-specific fertility rates.

Statement 2 is incorrect: Sex ratio at birth is the number of female children born per 1,000 male children born. Sex ratio at birth has declined in seven states. The most notable decline was in Goa (from 966 to 838), and Kerala (from 1,047 to 951). Only Tripura has a sex ratio at birth above 1,000 (i.e., more females born than males).

Figure: 3: Sex ratio at birth for children born in the last five years



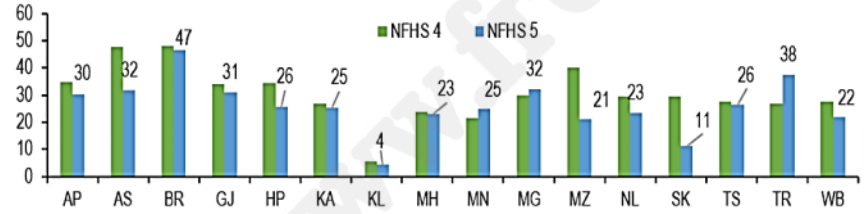
Statement 3 is incorrect: IMR has **marginally declined in most of the states (and not all states).** In case of Manipur, Meghalaya and Tripura, IMR has increased since NFHS-4.

Assam has seen one of the largest drops in IMR, from 48 deaths (per 1,000 live births) to 32 deaths. IMR remains high in Bihar (47 deaths per 1,000 live births).

However, **nutritional status of children below 5 years of age is worsening.**

1) Stunting or chronic malnutrition (i.e., low height with respect to age) has increased in 11 of the 17 states.
2) Proportion of severely wasted children has increased in 13 of the 17 states. Wasting or acute malnutrition refers to low weight with respect to height.
3) The proportion of children who are underweight (low weight with respect to age) has increased in 11 of the 17 states. In Bihar and Gujarat, 40% or more of the children under the age of five years are underweight.

Figure 5: Infant Mortality Rate across states



Statement 4 is incorrect. The proportion of women and men, between the age of 15-49 years, who are overweight or obese have increased across nearly all states (**except Gujarat and Maharashtra).**

Source: https://prsindia.org/policy/vital-stats/national-family-health-survey-5

https://blog.forumias.com/nfhs-5-and-its-findings/

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Q.36) With regards to Special Purpose Acquisition Company (SPAC), which of the following statements is correct?
a) It is mandated to return money to investors when there is a split within a company.
b) General Public cannot act as investors in SPAC.
c) It focuses more on commercial operations than on raising capital from the market.
d) A company can go public in less time through SPAC route as compared to a conventional IPO process.

Ans) d
Exp) Option d is the correct answer.
A special purpose acquisition company (SPAC) is a corporation formed for the sole purpose of raising investment capital through an initial public offering (IPO). Such a business structure allows investors to contribute money towards a fund, which is then used to acquire one or more unspecified businesses to be identified after the IPO. Therefore, this sort of shell firm structure is often called a "blank-check company" in popular media.
Statement a is incorrect: The SPACs are mandated to **return money to their investors in the event no merger is made within two years. There is no mandate with respect to return of money to the investors in case of split within a company.**
Statement b is incorrect: Investors in SPACs can range from well-known **private equity funds** and c**elebrities** to the **general public**.
Statement c is incorrect: A special purpose acquisition company (SPAC) is a company that has **no commercial operations and is formed strictly to raise capital** through an initial public offering (IPO) or the purpose of acquiring or merging with an existing company.
Statement d is correct: A company can go public through the SPAC route in a matter of months, while the conventional IPO process is an arduous process that take anywhere from **six months to more than a year**. SPACs gained popularity in 2020 may partly be due to their **shorter time frame for going public,** as many companies chose to forego conventional IPOs because of the market volatility and uncertainty triggered by the global pandemic.
Source:
https://www.investopedia.com/terms/s/spac.asp#:~:text=SPACs%20seek%20underwriters%20and%20institutional,if%20the%20SPAC%20is%20liquidated.
https://indianexpress.com/article/explained/everyday-explainers/what-are-spacs-regulatory-framework-may-be-in-the-works-7880394/
https://www.forbes.com/sites/allbusiness/2020/11/11/10-key-questions-and-answers-about-spacs/?sh=2565b6c72f83
https://corporatefinanceinstitute.com/resources/knowledge/strategy/special-purpose-acquisition-company-spac/

Q.37) With reference to 'Inland waterways' in India, which one of the following statements is **incorrect**?
a) The matters relating to shipping and navigation on inland waterways fall under the purview of both the Centre and the States.
b) An inland waterway in India can be declared a national waterway only through an Act of the Parliament.
c) The Inland Vessels Act, 2021 provides that separate rules must be framed by each state for regulation of inland waterways.
d) Inland Waterways Authority of India is a statutory body set up for the regulation of shipping and navigation in country.

Ans) c
Exp) Option c is the correct answer.

India has various Inland Water Transport (IWT) options that comprise rivers, canals, backwaters, creeks, and tidal inlets. India has over **5,000 km of navigable inland waterways** under development. These not only form a competitive alternative mode of transportation with lower operating cost (30% lower than the railways and 60% lower than road) but also a sustainable mode in freight logistics and passenger transport.
Statement a is correct: According to item **32 of Concurrent List**, matters relating to **shipping and navigation on inland waterways** as regards mechanically propelled vessels, and the rule of the road on such waterways, and the carriage of passengers and goods on inland waterways, subject to the provisions with respect to national waterways, **fall under the purview of both the Centre and the States.**
According to item 24 of the Central List of the Constitution, matters relating to shipping and navigation on inland waterways, declared by Parliament to be national waterways, as regards mechanically propelled vessels; and the rule of the road on such waterways are now the responsibility of the Central Government.
Statement b is correct: Unlike in the case of declaring roads as national highways, an **inland waterway can be declared a national waterway only through an Act of the Parliament.** Therefore, the proposal has to go through the processes involved in enacting an Act of Parliament, such as approval by Cabinet, introduction of a Bill in one of the Houses of Parliament, debates in both the Houses, etc.
Statement c is incorrect: The Inland Vessels act, 2021 will regulate the safety, security and registration of inland vessels. It provides for a **unified law for the entire country**, instead of separate rules framed by the States and bring uniformity in the application of the law. It will also **help in reducing the water pollution** caused by these inland vessels as this bill directs the Central Government to designate **a list of chemicals, substances**, etc.as pollutants.
Statement d is correct: Inland Waterways Authority of India is a **statutory body set up in 1986 through the Inland Waterways Authority of India Act, 1985** for regulation and development of inland waterways for the purposes of shipping and navigation in the country. It primarily administers the provisions of the Act and frames the rules thereunder and is directly responsible for the regulation and development of national waterways. The mandate of IWAI is fast **evolving from a regulator to a facilitator** in development of waterways, **improving navigation and enhancing transportation capacity on such waterways through Private participation**.
Source: echap09.pdf (indiabudget.gov.in)
echap08.pdf (indiabudget.gov.in)
https://iwai.nic.in/sites/default/files/1013443659FAQ%20JMVP%20Final%20PDF.pdf

Q.38) With reference to the hybrid annuity model (HAM) and Build-operate-transfer (BOT) Public-private partnership (PPP) models, consider the following statements:
1. While in BOT the government entirely finances the project, in HAM, the concessionaire bears the entire cost.
2. Unlike in BOT, the concessionaire has no right to collect revenue from the project in HAM.
3. In both HAM and BOT, the concessionaire designs and builds the project.
Which of the statements given above are correct?
a) 1 and 2 only
b) 2 and 3 only
c) 1 and 3 only
d) 1, 2 and 3

Ans) b
Exp) Option b is the correct answer.

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Public Private Partnership (PPP) is an arrangement where a project is undertaken jointly by the government/ public sector and a player from the private sector. This is generally done to ensure that assets of the public sector (for example infra like ports, roads/ highways, etc) are made well with private sector expertise, while the private sector also gets economic opportunities. There are various models in PPP. Two of them - Hybrid Annuity Model (HAM) and Build Operate Transfer (BOT) have been very popular and often used.

Statement 1 is *incorrect*: BOT is conventional PPP model in which private partner is responsible to design, build, operate (during the contracted period) and transfer back the facility to the public sector. Private sector partner has to bring the finance for the project and take the responsibility to construct and maintain it.

However, in **HAM** it is **initially split between** the **government and the concessionaire** in a ratio of **40:60**. The government pays **40%** of the cost by breaking it into **part annuity (equal instalments)**. The **concessionaire** arranges for the remaining **60%** in the form of **equity and loans**, for the **period of construction**. He is **reimbursed** for that 60% thereafter.

Statement 2 is correct: In **BOT,** the **concessionaire recovers** the cost of the project by **operating the asset** created and **collecting the revenue** from it till such a time as the initial amount put in by him and their fees is recovered. After which the **ownership reverts back** to the **public sector**. On the other hand, in **HAM** the **ownership always stay**s with the **public sector** and the concessionaire never gets to operate the asset or collect revenue from it. The remaining of the 60% of project cost is refunded to the concessionaire by the government, again in equal instalments (annuity), once the project is completed and the asset is handed over to the government.

Statement 3 is correct: In **both HAM and BOT**, the **designing and building** of the **asset** is entrusted to the **private** concessionaire. It is a **highly specialised** task of engineering and construction and the **requisite expertise** is **present** in the **private sector**.

Knowledge Base:

HAM:

1) Mixture of features of BOT (Annuity) and EPC (Engineering, Procurement and Construction)
2) The remaining 60% of the project cost that is to be given by the government to the concessionaire after the completion of the project is a variable annuity.

BOT:

1) Conventional PPP model in which the concessionaire is responsible for financing the entire project as well as design and creation of the asset.

Source: http://arthapedia.in/index.php/Hybrid_Annuity_in_Infrastructure_Sector

Q.39) With reference to the Semiconductors manufacturing in India, which of the following statements is/are correct?

1. India currently imports most of its semiconductor chips requirements.
2. Chip design and manufacturing is a highly capital-intensive business.
3. Product Linked Incentive scheme provides fiscal support of up to 50% of project cost for firms looking to set up semiconductor fabrication facilities in India.
4. Government has set up India Semiconductor Mission as specialized and independent division of National Informatics Centre.

Choose the correct answer using the codes given below:

a) 1, 2 and 3 only
b) 2 and 4 only
c) 3 only
d) 1, 2 and 4 only

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Ans) a

Exp) Option a is the correct answer.

Government of India is taking steps to promote the manufacturing of semiconductor chips in India. Reasons for the same are as follows:

Statement 1 is correct - India imports almost all semiconductors to meet its demand, which is estimated to reach around $100 billion by 2025 from about $24 billion now. Further, these chips are made with embedded instructions, which may contain malware or backdoors and are impossible to diagnose. And as Semiconductor chips are used in various strategic areas like, defence and telecom, the domestic manufacturing of chips assumes strategic importance and would provide a measure of security. Further, it will cut the import bill too.

Statement 2 is correct - Chip design and manufacturing is a highly capital-intensive business. The ISRO and the DRDO have their respective fab foundries but they are primarily for their own requirements and also not as sophisticated as the latest in the world. A semiconductor fabrication facility (or fab) can **cost multiples of a billion dollars to set up even on a relatively small scale** and lagging by a generation or two behind the latest in technology. It calls for a developed ecosystem for the business to thrive. As per a government estimate, it would cost roughly $5-$7 billion to set up a chip fabrication unit in India.

Statement 3 is correct - To encourage semiconductor manufacturing in India, the Govt has decided to extend the PLI (Production-Linked Incentive) scheme with a budgeted incentive of Rs 76,000 crore over the next six years. The **scheme envisages providing fiscal support of up to 50% of project cost for firms looking to set up display and semiconductor fabrication facilities (**FABS) in India. The govt will work closely with the states establish High-Tech Clusters with requisite infrastructure in terms of land, semiconductor grade water, high quality power, logistics and research.

Statement 4 is *incorrect* - India Semiconductor Mission is a specialised and independent business division of Digital India Corporation. The mission has been set up with the objective of building a vibrant semiconductor besides displaying ecosystem in order for India to emergence as a global hub in electronics manufacturing and design. It is authorised to negotiate with applicants under semiconductor fab scheme and display fab scheme. It has also been given autonomy to decide appropriate technology mix, node generation, applications, capacity etc. The scheme was launched with the aim of attracting large investments in manufacturing AMOLED-based display panels or TFT LCD.

Source: https://blog.forumias.com/semiconductor-manufacturing-in-india-explained-pointwise/

Q.40) The term 'W Boson', recently mentioned in the news, refers to:

a) A recently discovered habitable exoplanet.

b) Genetically engineered variety of wheat with additional nutritive value.

c) Particles used to treat polluting materials at site.

d) Fundamental particle that governs the behavior of matter in universe.

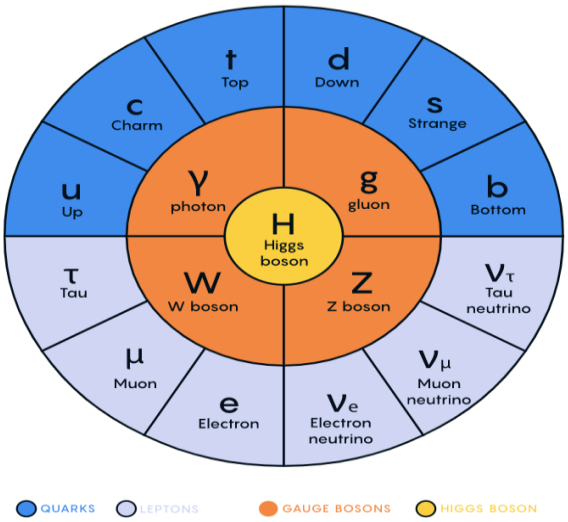
Ans) d

Exp) Option d is the correct answer.

The W boson is a **fundamental particle** which was discovered in 1983. Together with the Z boson, it is responsible for the weak force, one of four **fundamental forces that govern the behaviour of matter in universe.** The W boson, which is electrically charged, changes the very make-up of particles. It switches protons into neutrons, and vice versa, through the weak force, triggering nuclear fusion and letting stars burn.

Knowledge Base:

1) Researchers from the Collider Detector at Fermilab (CDF) Collaboration in the U.S announced that they have made a precise measurement of the mass of the so-called W boson. They stated that the W boson is slightly heavier than that predicted by the so-called Standard Model of particle physics.
2) The Standard Model of Elementary Particles is a theoretical construct in physics that describes particles of matter and their interaction.
3) It is a description that views the elementary particles of the world as being connected by mathematical symmetries, just as an object and its mirror image are connected by a bilateral (left-right) symmetry.
4) These are mathematical groups generated by continuous transformations from, say, one particle to another.



Source: https://blog.forumias.com/the-standard-model-of-particle-physics-gets-a-jolt/

Q.41) With reference to foreign-owned e-commerce firms operating in India, which of the following statements is/are correct?
1. They can sell their own goods in addition to offering their platforms as market-places.
2. The degree to which they can own big sellers on their platforms is limited.
Select the correct answer using the code given below:
a) 1 only
b) 2 only
c) Both 1 and 2
d) Neither 1 nor 2

Ans) b
Exp) Option b is the correct answer.
After Walmart's $16bn purchase of Flipkart in 2018, the rules for foreign-owned e-commerce firms were tightened further, with unexpected severity. Two restrictions predominate.
Statement 1 is incorrect: First, foreign firms are prevented from holding inventory or selling their own goods, which both Amazon and Walmart do in other countries They can offer their platforms only as "marketplaces" for other buyers and sellers in India.
Statement 2 is correct: Second, the degree to which they can own big sellers on their platforms is limited, to prevent those sellers acting covertly on their behalf.
Source) UPSC CSE Pre 2022

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Q.42) Which of the following statements regarding the logistics sector of the Indian economy is correct?
a) Inventory sector constitutes the majority of the share of the logistics sector.
b) The logistics sector in India is highly automated
c) More than 60% of the logistics sector in India is run by organised players.
d) The cost to GDP ratio of the Indian logistic sector is one of the highest in the world.

Ans) d
Exp) Option d is the correct answer.
Logistics Industry includes all activities of the supply chain such as transportation, customer service, inventory management, flow of information and order processing. Other activities of the supply chain are warehousing, material handling, purchasing, packaging, information dissemination and maintenance among others.
Statement a is *incorrect*: The logistics sector in India is **dominated** by the **transport sector**. It constitutes over **85%** of the logistics sector by **value.**
Statement b is *incorrect*: The Indian Logistic sector is marked by **low productivity** which mainly because it is **labour surplus and capital deficient**. So, there is a very **low level of investment** in **technology**, **machinery and automation** like forklifts, GPS trackers, conveyor belts, etc.
Statement c is *incorrect*: The Indian Logistic sector is **highly fragmented**. This is due to the presence of **many small players**. This market is **dominated** by **unorganised players in India**. Only **10%** of the logistics sector in India is run by **organised players**. This is also one of the reasons for low productivity and high costs of the Indian logistics sector**.**
Statement d is correct: The **cost to GDP ratio** of the logistics sector in India is **one of the highest** and the **worst in the world**. While for **India** it stands at about **13-14%** of the GDP, for the **rest of the world** it is around **7-8%** of the GDP. This **reduces** the **competitiveness** of Indian businesses as well as the logistic sector individually in India compared to that in the other countries**.**
Knowledge Base: Some Miscellaneous facts about the Indian Logistics Sector:
1) It is growing at a high speed of around 10% CAGR in the past 4-5 years.
2) Ranked 44th (up from 54 in 2014) in World Bank's Logistics Performance Index in 2018.
3) It has been valued at USD$ 150 billion, contributing 14.4 % of the country's GDP.
4) Said to employ about 21.24 million as of 2016.
5) Awarded "Infrastructure Status" by the government in 2017 (Eases financing facilities)
Source:
https://www.indianchamber.org/sectors/logistic/#:~:text=Sector%20%3A%20Logistic&text=Being%20the%20fastest%20evolving%20industry,by%20the%20end%20of%202020.
https://lsc-india.com/content/overview_on_logistics_industry
https://www.thehindubusinessline.com/opinion/impact-of-logistics-industry-on-economic-growth-amidst-a-pandemic/article36139749.ece

Q.43) Which of the following statements is correct with regard to Pradhan Mantri Gram Sadak Yojna- Phase III?
a) The Ministry of Road Transport and Highways is the nodal ministry for the implementation of the scheme.
b) The Phase III of the scheme also involves connectivity to Gramin Agricultural Markets (GrAMs).
c) The funds for the scheme would be shared equally between the Centre and States.
d) The scheme will remain operational till 2035.

Ans) b

Exp) Option b is the correct answer.

Pradhan Mantri Gram Sadak Yojana (PMGSY) Phase-I was launched in December 2000 as a 100 % centrally sponsored scheme with an objective **to provide single all-weather road connectivity to eligible unconnected habitation of designated population size** (500+ in plain areas and 250+ in North-East, hill, tribal and desert areas, 00 - 249 population in LWE districts as per Census, 2001) for overall socio-economic development of the areas.

Option a is incorrect.

The **Ministry of Rural Development along with state governments is responsible for the implementation of PMGSY**.

The Phase II of PMGSY was approved in May 2013. Under PMGSY phase II, the roads already built for village connectivity were to be upgraded to enhance rural infrastructure.

Option b is correct.

Phase III was approved by the Cabinet in July 2019. It involves the **consolidation of Through Routes and Major Rural Links connecting habitations to Gramin Agricultural Markets (GrAMs), Higher Secondary Schools, and Hospitals**.

Option c and d are incorrect.

The funds for the scheme in **Phase-III would be shared in the ratio of 60:40 between the Centre and State for all States except for 8 North Eastern and 3 Himalayan States** (Jammu & Kashmir, Himachal Pradesh & Uttarakhand) for which it is 90:10. The duration of the scheme is 2019-20 to 2024-25.

Source: https://vikaspedia.in/social-welfare/rural-poverty-alleviation-1/schemes/pradhan-mantri-gram-sadak-yojana

Q.44) Consider the following statements with reference to the Housing development by Government of India:

1. Pradhan Mantri Awas Yojana (Urban) is a scheme for Economically Weaker Sections (EWSs) only.
2. Affordable Rental Housing Complexes (ARHCs) is a sub-scheme under Pradhan Mantri Awas Yojana.
3. Identification of all beneficiaries for PM Awas Yojna is done by using the Socio Economic and Caste Census of 2011.

Which of the above given statements is/are correct?

a) 2 only
b) 3 only
c) 1 and 2 only
d) 1 and 3 only

Ans) a

Exp) Option a is the correct answer.

The **Pradhan Mantri Awas Yojana (Urban) Programme was launched by the Ministry of Housing and Urban Poverty Alleviation (MoHUPA)**, in Mission mode envisions provision of Housing for All by 2022.

Statement 1 is incorrect: The **scheme addresses urban housing shortage among the EWS/LIG and MIG (Middle Income Groups) categories including the slum dwellers by ensuring a pucca house to all eligible urban households.** The beneficiary family should not own a pucca house either in his/her name or in the name of any member of his/her family in any part of India to be eligible to receive central assistance under the mission.

Statement 2 is correct: Affordable Rental Housing Complexes (ARHCs) is a sub-scheme under Pradhan Mantri Awas Yojana - Urban (PMAY-U). This will provide ease of living to urban migrants/ poor in Industrial Sector as well as in non-formal urban economy to get access to dignified affordable rental housing close to their workplace.

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Statement 3 is incorrect: For **identification as a EWS or LIG beneficiary under the Pradhan Mantri Awas Yojana (Urban) scheme, an individual loan applicant will submit self-certificate/ affidavit** as proof of income. There **is no provision of identification** of beneficiary through **SECC-2011.**
Source: https://vikaspedia.in/social-welfare/urban-poverty-alleviation-1/schemes-urban-poverty-alleviation/pradhan-mantri-awas-yojana-housing-for-all-urban
https://pmaymis.gov.in/

Q.45) With reference to Shallow Ecologism and Deep Ecologism, consider the following statements:
1. Shallow Ecologism refers to focusing on lifestyle without any consideration for environment conservation.
2. Deep Ecologism involves radically changing the relationship of humans with nature.
Which of the statements given above is/are correct?
a) 1 only
b) 2 only
c) Both 1 and 2
d) Neither 1 nor 2

Ans) b
Exp) Option b is the correct answer.
Statement 1 is incorrect: Shallow ecologism, also referred to as weak ecologism, refers to the philosophy wherein the present lifestyle is continued, but with **specific tweaks to minimise the damage to the environment.** Thus, it **does consider environment concerns, but** believes that environmental preservation **should only be practiced to the extent that it meets human interests.** This branch of ecologism primarily serves to maintain the lifestyle of those dwelling in developed countries. For example, using vehicles that cause less pollution or air conditioners that do not release chlorofluorocarbons (CFCs).
Statement 2 is correct: Deep ecologism refers to the philosophy wherein the exponents believe that **humans should radically change their relationship with nature.** It rejects shallow ecologism as it prioritises humans above nature. It aims to preserve nature subsequent to environmental destruction. For instance, the US constitutes only 5% of the world's population, but consumes 17% of the world's energy consumption.
Source: https://www.thehindu.com/sci-tech/energy-and-environment/shallow-and-deep-ecologism/article65404155.ece

Q.46) Consider the following statements with reference to the industrial sector in India:
1. Steel production in India has consistently grown over the last decade.
2. The manufacturing sector contributes towards one-third of India's GDP
3. Coal provides for more than half of India's energy needs.
Which of the above-given statements is/are correct?
a) 3 only
b) 2 only
c) 1 and 3 only
d) 2 and 3 only

Ans) a
Exp) Option a is the correct answer
Industry or the secondary sector of the economy is another important area of economic activity. After independence, the government of India emphasized the role of industrialization in the country's economic development in the long run.

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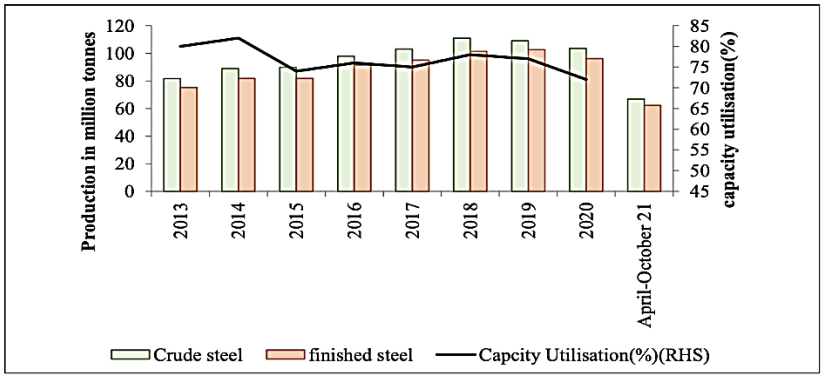
Statement 1 is incorrect: The **Indian industry experienced a halt due to COVID-19 in business activity**. **Logically, the production of steel could not have grown consistently**. The impact of the pandemic on the industrial sector is reflected in the **negative growth of 8.4 percent** in 2020-21. The production of steel over the last decade can be seen from the below graph.

Figure 18: Production and capacity utilization



Source: Survey calculations based on data from Ministry of Steel *indicates provisional figure

Statement 2 is incorrect: Manufacturing is among the major economic activities that involve value addition that has consequential positive multiplier effects in the economy. India has th**e fifth-largest manufacturing base in the world. The share of manufacturing in GDP has remained stagnant at about 17% (and not one third).** In fact New manufacturing Policy aims to raise the contribution to 25% of GDP by 2025

Statement 3 is correct: Coal is the most important and abundant fossil fuel in India and **accounts** for **55 percent of the country's energy need**. Commercial primary energy consumption in India has grown by about 700% in the last four decades.

Source: https://www.indiabudget.gov.in/economicsurvey/ (Chapter-8)

Q.47) Consider the following statements with reference to the Central Public Sector Enterprises (CPSEs)in India:

1. The New Public Sector Enterprise Policy envisages privatizing or closing of all Public Sector Enterprises.
2. MahaRatna status can be granted to a company only if it has 100 percent government stake.
3. Insurance is considered a 'Strategic sector' as per the New Public Sector Enterprise Policy.

Which of the above-given statements is/are correct?

a) 2 only
b) 3 only
c) 1 and 3 only
d) 1, 2 and 3

Ans) b

Exp) Option b is the correct answer.

Central Public Sector Enterprises (CPSEs) are an important constituent of the Indian industry. As on March, 2020 there were 256 CPSEs that were operational.

Statement 1 is incorrect: As per the Union Budget 2021-22 announcement, the government has approved a policy of strategic disinvestment of public sector enterprises that will provide a clear roadmap for disinvestment in all non-strategic and strategic sectors. The **New Public Sector Enterprise (PSE) Policy envisages the classification of CPSEs into Strategic and Non-Strategic Sectors. And as per the policy, the non-strategic CPSEs will be privatized or otherwise shall be closed**.

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Statement 2 is incorrect: The Government of India categorizes Central Public Sector Enterprises (CPSEs) under three different categories – Maharatna, Navratna, and Miniratna. Maharatna status is granted to a company which has recorded more than Rs. 5,000 crores of net profit for three consecutive years, an average annual turnover of Rs. 25,000 crore for three years or should have an average annual net worth of Rs. 15,000 crore for three years.

Statement 3 is correct: The strategic sectors as per the policy are as under: **atomic energy; space and defense; transport and telecommunication; power; petroleum; coal and other minerals; banking, insurance, and financial services.** Under the 4 broad baskets in which the strategic sectors are classified- i.e., **national security, critical infrastructure, energy and minerals and financial services**. As per the policy, only a bare minimum presence of CPSEs in the aforesaid strategic sectors is to be maintained.

Source: https://www.indiabudget.gov.in/economicsurvey/ (Chapter-8)

Q.48) With reference to the Swiss Challenge method of bidding, consider the following statements:

1. It offers the features of both open auction and closed tender to discover the best price for an asset.
2. It can help banks to maximize the value realized from auction of stressed assets.
3. It can lead to more innovative project proposals and quicker execution for public projects.
4. It is the best method to avoid the allegations of favouritism and corruption in the award of public projects.

Which of the above statements are correct?

a) 1 and 3 only
b) 2 and 4 only
c) 1, 2 and 3 only
d) 1, 2, 3 and 4

Ans) c

Exp) Option c is the correct answer.

Under the Swiss Challenge method of procurement, a candidate makes a proposal for a project, which the government puts before the public to seek more proposals. Once these are received, the original candidate is allowed to match the best bid.

The method was upheld by the Supreme Court of India for awarding public projects and the Government of India has tried out this method in road and railway projects.

Statement 1 is correct: The **Swiss Challenge allows a seller to mix-and-match the features of both an open auction** and a closed tender to discover the best price for an asset.

Statement 2 is correct: If Swiss Challenge **is applied to bankruptcy cases, banks may get to maximize more from the auction of stressed assets.**

Statement 3 is correct: If applied to public projects, it **may lead to more innovative project proposals and quicker execution,** as a bidder with a good idea needn't wait for the government to set the ball rolling.

Statement 4 is *incorrect*: But on the flip side, by allowing a bidder to initiate an idea and giving him the first right of refusal, **the Swiss Challenge can promote favouritism in the award of public projects, opening the doors to corruption.** To guard against this, legal experts suggest an open list of public projects that allow Swiss Challenge and full public disclosure of bid details when the government receives a proposal.

Source: https://theprint.in/india/governance/modi-govt-plans-national-policy-framework-for-swiss-challenge-system-of-public-procurement/564401/
https://www.thehindubusinessline.com/opinion/columns/slate/all-you-wanted-to-know-about-swiss-challenge/article24194034.ece

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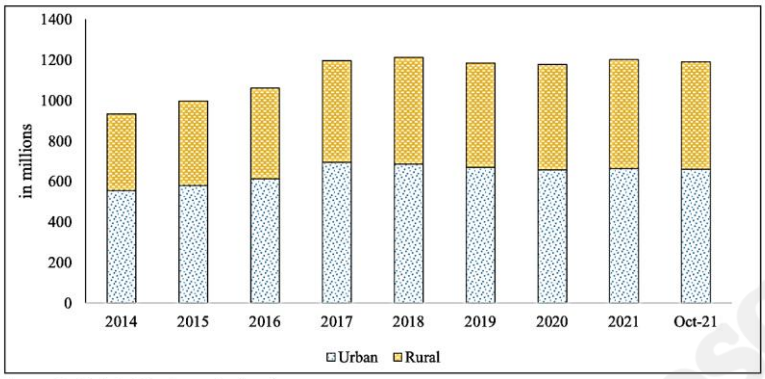
Q.49) Consider the following statements with reference to the Telecom sector in India:
1. There are more telephone subscribers in rural areas than in urban areas.
2. The Government is implementing a Comprehensive Telecom Development Plan for improving mobile connectivity in the North-Eastern Region.
3. Revenues from Non-telecom sources are always included while calculating Adjusted Gross Revenue of telecom operators.
Which of the above-given statements is/are correct?
a) 1 and 2 only
b) 2 and 3 only
c) 2 only
d) 1 and 3 only

Ans) c
Exp) Option c is the correct answer.
India is the **world's second-largest telecommunications market**. The telecommunication sector is one of the most powerful sectors impacting social and economic development of a country.
Statement 1 is incorrect: As on March 2021, **45 percent of subscribers were based in rural India and 55 percent in urban areas.** There are more than **1200 million telephone subscribers in India**. Internet penetration is close to 830 million.

Figure 35: Number and Composition of Telephone Subscribers (in millions)



Source: DoT. As in March month of each year

Statement 2 is correct: The Government of India is implementing a **Comprehensive Telecom Development Plan (CTDP) for the North-Eastern Region and Comprehensive Telecom Development Plan for Islands to provide mobile connectivity in the uncovered villages** and along National Highways in the North-east. With the implementation of this project, the high-speed internet/ broadband connectivity will be available in Lakshadweep Islands.The plan is not being launched for Jammu and Kashmir
Statement 3 is incorrect: Adjusted Gross Revenue (AGR) is the usage and licensing fee that telecom operators are charged by the Department of Telecommunications (DoT). It is divided into spectrum usage charges and licensing fees, pegged between 3-5 percent and 8 percent respectively. The charges used to be calculated based on all revenues earned by a telecom companies – including non-telecom related sources such as deposit interests and asset sales. **However, as per recent reforms, non-telecom revenue will be excluded on prospective basis from the definition of Adjusted Gross Revenue of telecom operators.**
Source: https://www.indiabudget.gov.in/economicsurvey/ (Chapter-8)

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Q.50) Which of the following is the correct description of the role of Chief of Defense Staff in India?
a) S/he is the Principal Military Advisor to the Defence Minister on all tri-services matters.
b) S/he is the Primary command authority for all the three forces.
c) S/he is the Head of the Nuclear Command Authority.
d) S/he is the chief Selector of Head of all three wings of armed forces in India.

Ans) a
Exp) Option a is the correct answer.
Chief of Defense Staff (CDS) acts as the **permanent Chairman of the Chiefs of Staff Committee** which will also have three service chiefs as members. His core function will be **to foster greater operational synergy between the three service branches** of the Indian military and keep inter-service frictions to a minimum. He would be **the Principal Military Advisor to the Defence Minister on all tri-services matters**. Thus, the CDS will be the single-point military adviser to the Defence Minister on matters involving all three services and the **service chiefs will be obliged to confine their counsel to issues pertaining to their respective services**. The CDS is **also vested with the authority to provide directives** to the three chiefs.
Option b, c and d are incorrect. CDS **does not enjoy any command authority** over any of the forces. CDS is first among equals, he enjoys the rank of Secretary within the Department of Defense and his powers will be confined to **only the revenue budget**. He is **not the Head of the Nuclear Command Authority but** will **perform an advisory role** in the Nuclear Command Authority (NCA). He is also **not the chief Selector** of Head of each armed forces in India.
Source: https://static.pib.gov.in/WriteReadData/specificdocs/documents/2021/oct/doc202110501.pdf
https://www.thehindu.com/news/national/chief-of-defence-staff-and-top-level-military-reforms/article65419500.ece

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